

*Exhibit No.:*  
*Issue(s):* *Non-Labor Distribution  
Maintenance, True-Up*  
*Witness:* *Paul K. Amenthor*  
*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**

**SURREBUTTAL / TRUE-UP DIRECT TESTIMONY**

**OF**

**PAUL K. AMENTHOR**

**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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 PAUL K. AMENTHOR  
 UNION ELECTRIC COMPANY,  
 d/b/a AMEREN MISSOURI  
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1 **NON-LABOR DISTRIBUTION MAINTENANCE**

2 Q. On page 23, lines 4-11 of Ameren Missouri witness Moore's rebuttal she  
3 discusses how the increase in distribution maintenance expense is due to legacy cross-bore and  
4 valve maintenance programs implemented to enhance the safe operation of the gas system.  
5 What are these programs, when did these programs begin, and are they required by law?

6 A. Trenchless technology is used to install natural gas mains and services that may  
7 inadvertently transect another underground utility, specifically a sewer line or septic system.  
8 The legacy cross bore program exists to evaluate the risk to the gas distribution system due to  
9 the threat of excavation damage such as consideration of potential or existing cross bores in  
10 sewers. This project is intended to be completed only one time and then results are to be  
11 retained as a record documenting the mitigation of the legacy cross bore risk. This project began  
12 on June 1, 2017 and has a projected end date of 2029.

13 The valve maintenance program is designed to identify valves that are not locatable,  
14 create quality and consistent valve drawings, and provide sub-foot GPS of the locations. The  
15 new data derived from the program will be integrated into Ameren Missouri's GIS system to  
16 show valves that are active in the gas system, but cannot currently be found quickly or operated.  
17 After the system is evaluated and necessary valves are operational, a maintenance plan will be  
18 created for the common valves. Ameren Missouri will also implement a process to GPS locate  
19 newly installed valves. This project allows field workers to respond to emergencies and isolate  
20 areas with a smaller impact on system reliability. This program began on June 4, 2019 and  
21 consists of three phases. Ameren Missouri is currently in the first phase of record verification and  
22 field identification of the project which is expected to complete by the end of 2019. The second  
23 phase of the project is to conduct an engineering analysis of the valving system to identify and plan

1 field work which is necessary to optimize operational performance. This is followed by execution  
2 of that field work. The final phase of the valve maintenance program is to establish and execute an  
3 on-going routine maintenance plan for the gas valving system. This work will be performed on a  
4 rotating cycle with no end date.

5 These programs are used to comply with both federal and state pipeline  
6 integrity-management requirements. The legacy cross bore program has already been  
7 underway prior to the test year and the valve program started after the true-up cutoff date in  
8 this current gas rate case. Staff understands the importance of these programs and the necessity  
9 of federal and state law being met.

10 Q. On page 22, lines 18-22, of Ameren Missouri witness Laura M. Moore's rebuttal  
11 testimony she discusses how Staff proposed a normalization adjustment for non-labor  
12 distribution maintenance expense and how that type of adjustment is appropriate for costs that  
13 fluctuate over time, however the forecast for these particular costs shows no fluctuation but  
14 rather increasing costs. Does Staff include forecasted amounts in its cost of service?

15 A. Staff does not include forecasted or estimated costs in its cost of service  
16 calculation. It is Staff's position that costs in rates must be known and measurable. Known in  
17 the sense that the amount is an actual incurred cost; measurable meaning that the cost can be  
18 calculated with a high degree of accuracy. Forecasted or budgeted costs are not known and  
19 measurable as those costs have not yet been incurred. While it is more than likely that there  
20 will be costs incurred, Staff cannot say whether the level of these forecasted costs will actually  
21 materialize.

1 Q. Has Staff included some level of the costs associated with the legacy cross-bore  
2 and valve maintenance programs in its proposed normalization?

3 A. Yes and no. Staff maintains that historical levels of this type of maintenance  
4 expense have fluctuated over time and, as such, normalization is appropriate. The legacy cross  
5 bore program was initiated before the test year in this case so some level of the cost of this  
6 program is included in Staff's proposed three year average. However, the valve maintenance  
7 program did not start until after Staff's true-up cut-off date of May 31, 2019; this cost would  
8 not be included in Staff true-up recommendation in this case.

9 Ms. Moore states on page 23, lines 1-3, that the non-labor distribution maintenance costs  
10 only increase and a normalized level is not sufficient to cover needed future maintenance costs.  
11 If that occurs after rates are set in this case and the increased cost cannot be offset by (1) other  
12 expenses lowering (2) revenues increasing or (3) flat investment then Ameren Missouri has the  
13 option to initiate a rate case. The company can also request recovery of increased distribution  
14 maintenance costs in a future rate case when all relevant factors are reviewed.

15 Q. What amount did Staff include for non-labor distribution maintenance expense  
16 as part of its true-up audit?

17 A. Staff included a three year average ending May 31, 2019 as the ongoing level of  
18 non-labor distribution maintenance expense.

19 **TRUE-UP DIRECT**

20 **Plant-in-service and Accumulated Depreciation Reserve**

21 Q. Has Staff updated plant-in-service and accumulated reserve as part of its true-up  
22 filing?



**Materials and Supplies**

1  
2 Q. Has Staff updated the level of materials and supplies inventory included in rate  
3 base as part of its true-up audit?

4 A. Yes. Staff has included a 13 month average ending of May 31, 2019, of  
5 materials and supplies inventory to rate base.

**Customer Deposits**

6  
7 Q. Has Staff updated the customer deposits amount to be included in rate base as  
8 part of its true-up?

9 A. Yes. Staff has included a 13 month average ending May 31, 2019, of customer  
10 deposits in rate base.

**Interest on Customer Deposits**

11  
12 Q. Has Staff updated the level of interest on customer deposits as part of its true-up?

13 A. Staff has recalculated interest on customer deposits by applying the tariffed  
14 interest rate to the updated level of customer deposits.

**Customer Advances**

15  
16 Q. Has Staff updated the level of customer advances included in rate base as part  
17 of its true-up audit?

18 A. Yes. Staff has included a six month average ending May 31, 2019 of customer  
19 advances as an offset to rate base. The six months of data between December 2018  
20 and May 2019 no longer includes the advances related to CertainTeed, as that contract  
21 has expired.



**Revenues-Customer Growth**

1  
2 Q. Has Staff proposed any adjustments to annualized customer levels as part of  
3 its true-up audit?

4 A. Yes. Staff has reviewed customer counts through the May 31, 2019, true-up  
5 date and either applied seasonality to the customer count or utilized the actual number of  
6 customers that existed during the twelve months ending May 31, 2019.

**Other Revenues**

7  
8 Q. Has Staff proposed any adjustments to other revenues for the true-up audit?

9 A. Staff has included an annualization of rental revenue received from Ameren  
10 Services and Ameren Illinois, calculated by multiplying May 2019 revenue by twelve. This  
11 reflects the most current rental arrangement amongst the affiliates.

12 Staff included the test year level of revenue for gas meters, other rentals, forfeited  
13 discounts, disconnection/connection fees, customer installations, and miscellaneous billing  
14 revenues because the actual revenue received during 2017 through 2019 is relatively consistent.

15 Staff has included the twelve months ending May 31, 2019 revenue for collection and  
16 remittance revenue due to the fluctuation of this revenue stream over time.

**Uncollectible Expense**

17  
18 Q. Has Staff updated its position on uncollectible expense as part of its  
19 true-up filing?

20 A. Yes. Staff has included a two year average of actual net write-offs experienced  
21 as the normalized level of bad debt expense to include in the cost of service. Staff utilized  
22 the two year average due to Ameren Missouri changing \*\* \_\_\_\_\_

23 \_\_\_\_\_ \*\*.

1

**Capitalized Depreciation**

2

Q. Has Staff updated its position through the true-up date in this case?

3

A. Yes. Staff has updated the amount of capitalized depreciation to be removed

4

from depreciation expense by applying the May 31, 2019 capitalization percentage to the

5

updated plant balances as part of its true-up audit.

6

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

7

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 PAUL K. AMENTHOR**

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

COMES NOW PAUL K. AMENTHOR and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal / True-up Direct Testimony*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
PAUL K. AMENTHOR

**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 9<sup>th</sup> day of July 2019.

LISA M. FERGUSON  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for St. Louis County  
My Commission Expires: June 08, 2020  
Commission Number: 16631502

  
\_\_\_\_\_  
Notary Public