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Witness:	Laura M. Moore
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Sponsoring Party:	Union Electric Company
File No.:	GR-2019-0077
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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. GR-2019-0077

REBUTTAL TESTIMONY

OF

LAURA M. MOORE

ON BEHALF OF

UNION ELECTRIC COMPANY

d/b/a AMEREN MISSOURI

****<u>DENOTES CONFIDENTIAL INFORMATION</u>****

St. Louis, Missouri
June, 2019

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TABLE OF CONTENTS

REBUTTAL TESTIMONY

OF

LAURA M. MOORE

FILE NO. GR-2019-0077

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Laura Moore and my business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

Q. Are you the same Laura Moore that filed direct testimony in this proceeding?

A. Yes, I am. Since I filed direct testimony in this proceeding, I have been promoted to Controller, Ameren Missouri.

II. PURPOSE OF TESTIMONY

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

A. The purpose of my rebuttal testimony is to address various issues contained in the Missouri Public Service Commission Staff ("Staff") Cost of Service Report ("Staff Report") and the testimony of the Office of Public Counsel ("OPC") witness Amanda C. Conner.

Q. On what specific issues are you providing rebuttal testimony?

A. Specifically, my rebuttal testimony addresses the following issues raised by the Staff and OPC: (1) plant in service and accumulated reserve (Staff witness Paul K. Amenthor); (2) negative accumulated reserve (Staff witness David Buttig); (3) sale of the prior gas operations center (Staff witness Jason Kunst); (4) prepayments (Mr. Amenthor);

(5) customer advances (Mr. Amenthor); (6) allocations (Mr. Jason Kunst); (7) software allocation (Mr. Kunst); (8) allocation of Ameren Missouri costs between electric and gas operations (Mr. Kunst); (9) rental revenue (Mr. Amenthor); (10) payroll and payroll taxes (Mr. Kunst); (11) employee benefits (Mr. Kunst); (12) non-qualified pension expense (Staff witness Lisa M. Ferguson); (13) incentive compensation (Mr. Kunst); (14) rate case expenses (Mr. Kunst and OPC witness Amanda C. Conner); (15) advertising and promotional expense (Staff witness Christopher D. Caldwell); (16) external auditor fees (Mr. Caldwell); (17) board of directors and executive expenses (Mr. Kunst); (18) leases (Mr. Caldwell); (19) injuries and damages (Mr. Caldwell); (20) dues and donations (Staff Mr. Caldwell); (21) distribution maintenance expense (Mr. Amenthor); and (22) amortization of regulatory assets and liabilities (Ms. Ferguson).

III. PLANT IN SERVICE AND ACCUMULATED RESERVE

Q. Does the Company have any concerns with Staff's plant in service and accumulated reserve calculations?

A. Yes. The Staff Report fails to discuss, or even mention, adjustments to capitalized incentive compensation. In its Report, Staff represents that they are using the estimated plant balances through true-up and will make adjustments, if needed, when true-up data is received.[1] But when reviewing the numbers for plant in service and accumulated reserve in the Staff Accounting Schedule for Plant In Service and Accumulated Depreciation Reserve, it appears Staff has made adjustments to the capitalized incentive compensation without ever mentioning the adjustment or explaining the reasons for the adjustment in the Staff Report.

[1] Staff Report, pp. 26-27.

Q. Does the Company agree with the incentive compensation adjustment that it appears Staff has made?

A. No, the Company believes no adjustment to incentive compensation is necessary or proper. But since Staff has not explained the reason(s) for its proposed adjustment, I can't specifically rebut the issue.

Q. Could Staff explain this adjustment in future testimony?

A. No. As Company witness Tom Byrne further explains in his rebuttal testimony, the Commission's rule requires Staff to provide evidence for its entire case-in-chief in its direct case. So it would be against the Commission's rule to provide evidence of other adjustments in future testimony.

IV. NEGATIVE ACCUMULATED RESERVE

Q. Mr. Buttig contends the negative accumulated reserve balances on the Company's books should be reallocated to other accounts. Do you agree with this proposed treatment of negative accumulated reserve balances?

A. Not completely. I agree that accumulated reserve balances with no remaining assets should be reallocated to other accounts, and specifically that the accumulated reserve balances in Accounts 305, 311 and 387 should be reallocated to Account 376. But, Mr. Buttig has also proposed to reallocate all of Account 375's accumulated reserve balance just because it is negative.[2] Account 375 still has operational assets in the account. And while I disagree with the concept of moving a negative reserve for the portion of Account 375 that relates to remaining assets, there is another issue related to this account that may eliminate Staff's concerns with the account.

[2] Staff Report, pp.27-28.

Q. Please explain.

A. Account 305 included the assets for a propane plant that was formerly owned and operated by the Company. At the time of the retirement of the propane plant, there was one asset remaining in this account that was still used, since the site of the retired propane plant was going to be used as a pipe storage location. With the change in the use of the site, the remaining asset that was still used was transferred to Account 375. At the time of the transfer, the entire remaining reserve balance from the propane facility was transferred with the remaining asset instead of just the reserve balance associated with that asset. The Company has identified this error and will correct the books prior to the true-up period. This correction will fix the reserve for Account 375 and it will no longer be negative.

Q. After making the correction explained above, would an adjustment to Account 375 still be necessary?

A. No. After the adjustment explained above is made, Account 375 will have an appropriate accumulated reserve balance that would no longer be negative and it should not be transferred.

V. COLUMBIA GAS OPERATIONS AND TRAINING FACILITY

Q. Does the Company agree with Staff's proposed adjustment to remove from rate base the cost of the land from the former gas operations center located in Columbia, Missouri?

A. Yes. As explained in the Staff Report, pages 29-30, the land was included in the Company's direct case by mistake. The Company has corrected that error and the land cost has been transferred to a non-utility property account. The Company will exclude the land cost associated with the former Columbia facility from rate base in its true-up filing.

Q. What other issues does the Staff Report discuss regarding this facility?

A. ** **[3]

Q. Do you agree with Staff's suggestion?

A. No. Any future sale should be addressed in a future rate case. This potential sale has not yet happened, so it is premature to discuss any treatment of sale proceeds at this time.

VI. PREPAYMENTS

Q. Please explain the adjustment Staff has proposed to the prepayments that are included in rate base.[4]

A. Staff has adjusted prepayments to exclude prepayments related to rents and energy efficiency program costs. The rents prepayment was excluded because it is an electric prepayment that was incorrectly allocated to gas. The prepayment related to the energy efficiency program costs was removed because this program has ended.

[3] Staff Report, p. 30, lines 17-19.
[4] Staff Report, pp. 33-34.

Q. Does the Company agree with Staff's adjustments to exclude the rents and energy efficiency program costs prepayments from rate base?

A. Yes. The Company agrees with both of these adjustments.

VII. CUSTOMER ADVANCES

Q. Please explain the amount of customer advances that Staff proposes to include in rate base.[5]

A. When the Company filed its direct case, the level of customer advances recorded on the books included a customer advance from CertainTeed Corporation that boosted the total higher than past levels of customer advances. In December 2018, the contract with CertainTeed Corporation ended and the associated customer advance was transferred as a contribution in aid of construction to offset plant in service, and this transfer significantly decreased the amount of customer advances on the Company's books. Staff has proposed to use the last known level of customer advances, which reflects the effect of the transfer of the CertainTeed advance in the Staff Report.

Q. Does the Company agree with Staff's adjustment to customer advances in rate base?

A. Yes. The Company agrees with this adjustment.

VIII. ALLOCATIONS

Q. Please explain the allocation adjustment proposed by Staff.

A. Staff has proposed an adjustment for Ameren Services expenses to adjust from 2018 allocation factors to 2019 allocation factors.[6]

[5] Staff Report, pp. 34-35.
[6] Staff Report, pp. 36-37.

Q. Does the Company agree with Staff's adjustment to allocation factors?

A. Yes. The Company agrees with this adjustment.

IX. SOFTWARE ALLOCATION

Q. Please explain the software issue raised in the Staff Report.[7]

A. The Company owns software that is used by both the electric business and the gas business. Currently, these assets are recorded on the electric books of the Company.

Q. Was the full cost of these assets included in the revenue requirement used to set rates approved by the Commission in the Company's last electric rate case, File No. ER-2016-0179?

A. Not explicitly. File No. ER-2016-0179 was resolved by a black box settlement so there is no way to track exactly what specific costs are included in the revenue requirement, and different parties could have different perspectives on what costs are included in a revenue requirement that is the subject of a black box settlement. However, the Company's filing in that case included 100% of those costs in the revenue requirement, and no other party raised any issue about those costs. Also, these costs were included in Staff's Cost of Service Report that it submitted with Staff's direct case.

Q. If those costs were included in the revenue requirement in the electric case, does that matter for purposes of setting rates for Ameren Missouri's natural gas business?

A. No, it does not. Even if it were possible to show that the cost of software used for gas service was erroneously included in the electric revenue requirement in File

[7] Staff Report, pp. 37-40.

No. ER-2016-0179, they must still be included in the revenue requirement applicable to gas service, so that the Company's gas rates reflect the proper cost of service.

Q. Wouldn't inclusion of the same costs in both gas and electric rates result in double recovery of those costs by the Company?

A. Yes, and that would not be a fair result for customers. As a consequence, the Company has proposed a tracker to defer to a regulatory liability the return and amortization of the portion of these facilities that is being allocated to gas beginning with the effective date of rates in this case. Ameren Missouri will credit these deferrals to electric customers in the Company's next rate case to prevent the double collection of costs.

Q. Do you have other concerns with this adjustment?

A. Yes. Aside from the problems with Staff's adjustment discussed above, the adjustment amount Staff has proposed is wrong. Staff's adjustment removed the entire cost of jointly-used software that was in service at the time the Company filed its direct testimony in this case. This would include all software in service as of June 30, 2018. The true-up date in the last electric rate review was December 31, 2016. Any software that was placed into service between January 1, 2017 and June 30, 2018, was definitely not included in the last electric rate review revenue requirement. Therefore, at a minimum the allocated portion of those costs should be included in the revenue requirement in this case.

X. ADMINISTRATIVE & GENERAL ("A&G") EXPENSES ALLOCATED TO GAS

Q. Does the Company agree with the adjustment proposed by Staff related to A&G expenses allocated to gas?[8]

A. Yes. There were some electric costs that were inadvertently allocated to gas through the A&G allocation process. It is appropriate to remove these expenses from the gas revenue requirement.

XI. RENTAL REVENUE

Q. What adjustment has Staff proposed related to rental revenue?

A. Staff has proposed to annualize affiliate rental revenues based on February 2019 rental revenue.[9] The affiliate rental revenue calculation is recalculated annually.

Q. Does the Company agree with Staff's adjustment to rental revenue?

A. Yes. The Company is in agreement with this adjustment.

XII. PAYROLL AND PAYROLL TAXES

Q. Please explain the adjustments proposed by Staff related to payroll and payroll taxes.

A. Staff has adjusted payroll for (1) the change in employee levels, (2) the increase in wage rates through February 28, 2019, and (3) portions of certain employee's salaries which have been allocated to lobbying efforts, which the Staff proposes to disallow.[10]

The adjustment for payroll taxes follows the payroll adjustments discussed above.

[8] Staff Report, p. 41.
[9] Staff Report, p. 53.
[10] Staff Report, at page 53-54.

Q. Does the Company agree with the adjustment made for the change in employee levels?

A. Yes, the Company agrees with the adjustment made through February 28, 2019, with one exception. It appears there may be an error in Staff's calculation which applied the contract average wage rate to the change in management headcount. With the correction of this error, the Company is in agreement.

Q. Is the Company in agreement with the proposed adjustment for the wage increases?

A. Yes, the Company is in agreement.

Q. Does the Company agree with the adjustment for lobbying payroll expenses?

A. No. This adjustment is flawed for a couple of reasons. First, all lobbying efforts that were done during the test year were related to electric and not gas. Therefore, it is not appropriate to adjust labor costs that were charged to gas for lobbying work that was done solely in support of the Company's electric business.

While Staff's overall adjustment is incorrect for the reason stated above, if the Commission believes it is appropriate to adjust gas costs for lobbying work done solely for the Company's electric operations, the adjustment is still calculated incorrectly. In order to calculate this adjustment, Staff examined the calendars of certain employees and excluded costs associated with meetings Staff concluded were for lobbying purposes. Staff did not provide any explanation whatsoever in its Staff Report to explain why it believes the meetings that were excluded constituted lobbying. See Schedule LMM-R1, which is the

Staff workpaper filed with their direct case. Since the Staff provided no explanation for its adjustment, it must be rejected.

I have reviewed the workpapers of Staff and they have incorrectly marked many meetings as related to lobbying that have nothing to do with lobbying. It would be incorrect to assume, as Staff apparently did, that every meeting that has the word "legislation" or "regulatory" in it is related to lobbying. For example, there are many meetings that were scheduled in June 2018, which was after the legislative session was concluded, that are being proposed for disallowance by Staff. Those meetings were held to discuss implementation of Senate Bill 564 and had nothing to do with the Company's efforts to secure its passage. Implementation work and preparation throughout the year is not lobbying. Some other examples of meetings that Staff appears to have considered lobbying are a Renewable Energy Standard Rate Adjustment Mechanism meeting and Regulatory update meetings. These meetings discuss issues that are regulatory in nature and again, have nothing to do with lobbying. There are many other examples of meetings that were marked as lobbying by Staff but were not related to lobbying at all. Staff has completely failed to demonstrate the validity of its adjustment and therefore it must be rejected.

Q. What amount should properly be removed as lobbying expense?

A. As I have said above, I don't believe any amount should be removed because all activities related to lobbying were for Senate Bill 564, which related exclusively to the Company's electric operations. However, if it was appropriate to disallow electric lobbying in a gas rate case, the amount of electric lobbying time that could be disallowed is $809. (See Schedule LMM-R2.)

XIII. EMPLOYEE BENEFITS

Q. Please explain the adjustments proposed by Staff related to employee benefits.

A. Staff's suggested adjustments are related to staffing level annualization, tax and financial planning benefits for executives, and electric vehicle incentives.[11]

Q. Does the Company agree with these adjustments?

A. Yes. Although we believe electric vehicle incentives are appropriate, they should be charged to the Company's electric rates.

XIV. NON-QUALIFIED PENSION EXPENSE

Q. Has Staff proposed an adjustment for non-qualified pension expense?

A. Yes. Staff has proposed to normalize non-qualified pension expense.[12]

Q. Does the Company agree with the adjustment proposed?

A. No. The qualified pension expense is accounted for and included in the revenue requirement using an accrual basis and there is no reason that the non-qualified pension expense be treated differently. The Company uses Willis Towers Watson to value the net benefits and determine the amount to accrue monthly in order to meet the obligations of the plan. Willis Towers Watson are actuaries that review the plan experience to determine the appropriate level expense. There are annuity and lump sum payment options in the plan which cause the monthly payments to fluctuate. Because of this fluctuation in the payments, it makes sense to use the accrual amounts as determined by the actuaries.

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[11] Staff Report, pp. 54-55.
[12] Staff Report, p. 60.

Staff has proposed a normalization of the payments in order to try to smooth this expense. However, due to Willis Towers Watson's experience with reviewing the plans and determining the expense, the accrual method is a better way to smooth the expense.

Q. What is the appropriate period to normalize the payments if the accrual method is not accepted?

A. As I said above, these payments can fluctuate due to the timing of when lump sum payments are made, so if the Commission concludes a normalization adjustment is necessary, a longer normalization period seems more appropriate. When expenses fluctuate significantly, a longer normalization period will provide the most appropriate level of expenses. If a normalization period is too short, then it may miss significant trends in the payments. Longer normalization periods would not be appropriate for increasing expense items, but for pension payments which fluctuate up and down they are appropriate. In the Staff Report, Ms. Ferguson mentions that she is normalizing using 3- and 5-year averages. There is no explanation for the periods chosen and why there are two periods being used. The Company believes a 5-year average should be used to better smooth the expense if the accrual method is not accepted.

XV. INCENTIVE COMPENSATION

Q. Please explain the types of incentive compensation.

A. The Company has three types of incentive compensation: short-term incentive compensation, long-term incentive compensation, and an exceptional performance bonus award. Staff has proposed adjustments for the short-term and long-term incentive compensation programs.[13]

[13] Staff Report, pp. 61-63.

Q. Please explain the adjustment proposed by Staff for short-term incentive compensation program.

A. The executive incentive plan for Company officers ("EIP-O") is based 80% on earnings per share, 10% on safely metrics, and 10% on operational metrics. The Company, in its direct case, excluded the portion of the incentive compensation tied to earnings per share. Staff proposes to also exclude the 10% tied to operational metrics. The operational metrics used for this calculation are all related to electric operations. Therefore, the Company agrees with this adjustment.

The executive incentive plan for Company directors ("EIP-D") is designed for the Ameren Leadership Team, excluding officers. This plan is based on 75% key performance indicator ("KPI") targets and 25% on achieved budget levels. Staff has proposed an adjustment to remove incentive compensation tied to some amounts they consider lobbying. I will discuss that adjustment in more detail below.

The Ameren Management Incentive Plant ("AMIP") is for non-Ameren Leadership Team management employees. This plan is based 100% on KPIs. Staff made an adjustment in this amount related to activities Staff considers lobbying. Again, this will be discussed further below.

The last plan is the Ameren Incentive Plan ("AIP") for bargaining unit employees. This plan is 100% based on KPIs. Staff made no adjustments to this plan.

Q. Please discuss the adjustment Staff proposed to the EIP-D and AMIP incentive compensation programs related to activities Staff considers lobbying.

A. Staff has identified two KPIs that it believes are lobbying-related goals: Legislative or Regulatory Approvals for innovative projects (e.g. green tariffs, electrification, microgrids, MEEIA 3, charging station) and Passage of Regulatory Reform to reduce regulatory lag. The Company is in agreement with the adjustment to remove the incentive compensation related to the passage of regulatory reform legislation, but does not agree with the adjustment to remove the incentive compensation related to innovative projects. While the KPI related to innovative projects states it is for a legislative or regulatory approval of these projects, none of the work related to this KPI was done in the legislative arena. Instead, all approvals sought were regulatory in nature. The Company has had multiple cases in front of the Commission related to the various projects identified to this KPI. Based on that fact, it is improper to consider this work lobbying and exclude incentive awards associated with those projects.

XVI. RATE CASE EXPENSES

Q. Please explain the proposed adjustment made by Staff.

A. Staff has proposed a normalization of the rate case expenses in this case and also a sharing percentage based on the percentage of the initial rate request that is ultimately awarded by the Commission.[14] But, the sharing percentage has not been applied to expenses related to Commission-mandated costs such as a depreciation study and customer notices.

Q. Please explain the proposed adjustment made by Ms. Conner.

A. Ms. Conner has proposed similar adjustments that include normalizing and sharing of rate case expenses. However, there appear to be a few differences in the Staff and OPC proposals. OPC does not seem to exclude Commission-mandated costs from the

[14] Staff Report, pp. 69-70.

sharing adjustment. OPC's proposed normalization period is also different. Staff has proposed 18 months and Ms. Conner has proposed four years.

Q. What is the Company's position on normalizing these costs?

A. The Company is supportive of normalizing rate case expenses. However, the period used to normalize these costs depends on how this case proceeds. If the Commission were to accept Staff's request to require the Company to file another case in **________**, then that period would be appropriate to normalize these costs. Because the Company believes Staff's proposal is inappropriate (as discussed in the rebuttal testimony of Mr. Byrne), the Company proposes a normalization period of three years, which is consistent with the requirement for filing if the Company intends to use an ISRS. The Company also agrees it is appropriate to normalize the cost of the depreciation study over five years consistent with the requirement to file a study every five years.

Q. Please explain the Company's position on rate case sharing.

A. It is inappropriate for the Commission to deny the Company recovery of legitimate rate case expenses through rates because shareholders benefit when rates are increased. Rate case expenses are necessary and appropriate costs for regulated utilities and 100% of such prudently incurred costs should be included in rates.

XVII. ADVERTISING

Q. Please explain the proposed advertising adjustment in the Staff Report.[15]

A. Staff proposed to remove all advertising costs that they describe as promotional, political or institutional in nature.

[15] Staff Report, pp. 71-72.

Q. Does the Company agree with the proposed adjustment made by Staff?

A. Not completely. The guidelines used by Staff to classify advertising campaigns allows for subjectivity from Staff, who are not experts in the field of communication. The advertising information was provided to Staff in a data request with the description of the ad and category information associated with each invoice. Staff, in their workpapers, appears to have changed some of the categories with no explanation of why they think a different classification should be used. I have attached Staff's advertising workpaper as Schedule LMM-R3. Since the Staff provided no explanation for its adjustment, it must be rejected.

Q. Are there specific expenditures that the Staff has recommended disallowing that you believe should have different classification and be included in the Company's cost of service?

A. Yes, there are several. I will go through the proposed adjustments as listed in the Staff workpapers by individual cost or campaign to explain.

- Call 811 Sponsorship: The Call 811 sponsorship covers the cost of a sign at the River City Rascals stadium that shows our customers the need to call 811 before they dig. This helps us promote safety to our customers. It is done in partnership with Missouri One Call.
- INK Magazine Ad/United Airline Ad: This ad appeared in national publications communicating the innovative products and services that we are providing our customers now and in the future. Ads like this enable us to recruit a highly-talented workforce.

- Ameren Cares T-shirts: Our Co-workers wear Ameren Cares t-shirts at many community events that identify them as Ameren Co-workers. This allows our customers to seek out information or guidance from our co-workers and know that they are talking to someone from the company that will be able to answer their question or provide follow up.
- MHeger Technology Executives of the Year Ad: Ads like this show the diversity and inclusiveness of our company. It enables us to recruit highly-talented workers.
- ARCUS Ad: The ARCUS awards champions economic strength and a better tomorrow for our region. By supporting events like this one, Ameren Missouri is supporting our customers who are working every day to build our communities which helps attract both economic growth and the ability to recruit the best co-workers to our company.
- Roundtable Ad: This ad communicated that the president of Ameren Missouri would be speaking at a public forum about the energy needs and innovation in the state of Missouri. Customers could attend this forum to hear about the services we provide them.
- Celebrating Ameren Campaign/Event: These costs include banners, signs and volunteer t-shirts for the Celebrating Ameren event. This event highlights how co-workers can be safe both at work and at home. It also provided information on Diversity and Inclusion. Both Safety and Diversity and Inclusion are important to not only the financial success of the

company, but also the well-being of our co-workers. It also helps recruit talented candidates for employment.

- Street Pole Banner: Street pole banners are placed around the headquarters of Ameren Missouri to show a strong workforce, service we provide to our customers, and identification of our location.
- STL American Diversity Ad: By participating in diversity initiatives, our customers and potential candidates for employment understand that Ameren Missouri values a diverse workforce and customer base. It enables us to recruit highly-talented co-workers from very diverse backgrounds.
- PNC to Ameren Presentation Check: This check highlighted the cost savings Ameren was able to make by finding partners that help keep costs down. Ultimately saving our customers money.
- Energy Assistance Events Poster: This event is held to make sure our Energy Assistance partners understand the services that we have to help our customers who struggle to pay their utility bills – including natural gas.
- Power Play Goals for Kids Graphic: The Power Play Goals for Kids program is used to help acquire new followers on our social media channels. Participation this year showed that we were able to attract new followers at a fraction of the cost that we normally have to pay. It is important for us to constantly have information on our social media channels so that we are able to communicate to our customers when they need information. For instance, if they are following us on a daily basis it is likely that they will receive our messages during an outage or severe weather.

- Blank Check: We use dry erase blank checks as a cost efficient message to show our customers how we support their communities.

Q. What amount of advertising expenses does the Company agree should be removed?

A. Based on the Company's analysis of Staff's workpapers provided for advertising expenses, the Company agrees $1,580 should be removed from the revenue requirement.

XVIII. EXTERNAL AUDIT FEES

Q. Please explain Staff's proposal regarding external audit fees.

A. Staff has proposed two adjustments related to external audit fees.[16] The first is an adjustment to normalize audit fees over four years. The second adjustment is to remove an amount charged to the gas business incorrectly.

Q. Does the Company agree with these adjustments?

A. Yes, the Company agrees.

XIX. BOARD OF DIRECTORS AND EXECUTIVE EXPENSES

Q. Staff has proposed to disallow certain expenses for the Ameren Corporation Board of Directors.[17] Does the Company agree with this adjustment?

A. Yes, the Company is in agreement in concept. However, the Company is concerned about how the adjustment was calculated. Staff explains it is removing the expenses related to the Ritz Carlton Hotel, but in reviewing the Staff's workpapers it appears Staff has removed all hotel expenses for any Board of Directors meetings. If this is really the intention of the adjustment instead of what Staff stated in testimony, then the

[16] Staff Report, p. 72.
[17] Staff Report, p. 73.

Company is not in agreement. It is generally appropriate to pay for hotel rooms for board members that live out of town when they have to attend multiple day meetings and to allow some level of such expenses for ratemaking purposes. Staff has not supported its proposed disallowance of all hotel expenses for out-of-town board members and so its adjustment, other than the proposed disallowance of the cost of the Ritz Carlton Hotel, should be rejected.

XX. LEASES

Q. Please explain Staff's proposed adjustments related to lease expense.

A. Staff proposed to remove lease expense related to leases that were not being renewed and annualize the level of lease expenses for all ongoing leases.[18]

Q. Does the Company agree with this proposed adjustment?

A. Yes, the Company agrees with the adjustment.

XXI. INJURIES AND DAMAGES

Q. Please explain the proposed Staff adjustment for injuries and damages.

A. Staff proposed to adjust the level of injuries and damages expense included in the revenue requirement to a three-year average of injuries and damages payments instead of the current accruals in the test year.[19]

Q. Does the Company agree with the proposed adjustment?

A. Yes.

[18] Staff Report, pp. 73-74.
[19] Staff Report, p. 75.

XXII. DUES AND DONATIONS

Q. Please explain Staff's proposed adjustment for dues and donations and the Company's position.

A. Staff has proposed to remove certain dues and donations expenses. The Company is in agreement with this adjustment.[20]

Q. Does the Company have any other adjustments that should be made for dues?

A. Yes. The Company paid dues during the test year to the Utility Air Regulatory Group and a portion of these dues were incorrectly allocated to gas operations. This group has been disbanded, and the Company will remove the portion of the dues charged to gas operations. The adjustment that will be made is $11,859.

XXIII. DISTRIBUTION MAINTENANCE EXPENSE

Q. Please explain the adjustment Staff has proposed to distribution maintenance expense.

A. Staff has proposed to use a three-year average for non-labor distribution maintenance expense.[21]

Q. Does the Company agree with this adjustment?

A. No. While it is appropriate to normalize expenses at times, this is not one of them. Staff has proposed this adjustment because distribution maintenance expenses fluctuate over time. While there may have been a fluctuation of expenses in the past, the Company's forecasted non-labor maintenance expense for the next five years makes it clear the Company is planning to spend a consistent amount of non-labor distribution

[20] Staff Report, p. 76.
[21] Staff Report, p. 77.

maintenance in the future. (See Schedule LMM-R4). If Staff's proposed adjustment is accepted, the allowed level of expense would not be sufficient to cover needed future maintenance costs.

The non-labor distribution maintenance cost increase in the next five years is directly related to legacy cross-bore and valve maintenance programs implemented to enhance the safe operation of the gas system. The cross-bore program is a safety program where areas with high risk for sewer cross-bores are identified and inspected for cross-bores, and where cross-bores are found they are repaired. The valve maintenance program was initiated to confirm the location, accessibility, and operability of all valves in the system. Common valves will be inspected and operated on a periodic basis to ensure the integrity of the system and improve emergency operations.

XXIV. AMORTIZATION OF REGULATORY ASSETS AND LIABILITIES

Q. Can you explain the proposed adjustment for amortizations of regulatory assets and liabilities?

A. Staff has stated that there are two amortizations of regulatory assets and liabilities that were agreed to in the settlement of our last gas rate review, File No. GR-2010-0363, for severance costs and equity issuance costs. According to Staff, both of these amounts have been fully amortized since the last rate review and the amounts are currently included in rates. Staff is proposing that the amounts that were collected after the amounts were fully amortized be refunded to customers.[22]

[22] Staff Report, pp. 80-81.

Q. Do you agree with the adjustment proposed?

A. Not completely. Staff has not included an adjustment for two regulatory liabilities in the same case that are over-refunded to customers. These two regulatory liabilities were for the amortization of the pension and other post-employment benefits ("OPEB") trackers. The Company believes it is important to include all regulatory assets and liabilities and not just the regulatory assets when determining how much over or under amortization there has been between rate reviews.

Q. What is the adjustment that the Company would propose?

A. I have calculated the regulatory asset over-collection in the same way as Staff with one exception. The Staff has calculated the over-collection through November 30, 2019. In my adjustment, I stop the over-collection calculation on October 31, 2019 based on the operation of law date for the current case of November 2, 2019. I have also calculated the under-collection of the pension and OPEB trackers through the same period. The Company's adjustment would be an increase of $163,223 based on the five-year amortization period proposed by Staff. (See Schedule LMM-R5).

Q. Does this conclude your rebuttal testimony?

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	)	File No. GR-2019-0077
Revenues for Natural Gas Service.	)	

AFFIDAVIT OF LAURA M. MOORE

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

Laura M. Moore, being first duly sworn on his oath, states:

1. My name is Laura M. Moore. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri as Controller, Ameren Missouri.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of 24 pages and Schedule(s) LMM-R1 to LMM-R5, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Laura M Moore
Laura M. Moore

Subscribed and sworn to before me this 4th day of June, 2019.

Geri A. Best
Notary Public

My commission expires:

GERI A. BEST
Notary Public - Notary Seal
State of Missouri
Commissioned for St. Louis County
My Commission Expires: February 15, 2022
Commission Number: 14839611