

Exhibit No.:
Issues: Facilities
Witness: Keith Majors
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: GR-2021-0241
Date Testimony Prepared: November 5, 2021

MISSOURI PUBLIC SERVICE COMMISSION
FINANCIAL AND BUSINESS ANALYSIS DIVISION
AUDITING DEPARTMENT

SURREBUTTAL TESTIMONY
OF
KEITH MAJORS

UNION ELECTRIC COMPANY
d/b/a Ameren Missouri

CASE NO. GR-2021-0241

Jefferson City, Missouri
November 2020

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **KEITH MAJORS**

4 **UNION ELECTRIC COMPANY**

5 **d/b/a Ameren Missouri**

6 **CASE NO. GR-2021-0241**

7 Q. Please state your name and business address.

8 A. Keith Majors, Fletcher Daniels Office Building, 615 East 13th Street,
9 Room 201, Kansas City, Missouri, 64106.

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

11 A. I am a Senior Utility Regulatory Auditor employed by the Staff (“Staff”) of the
12 Missouri Public Service Commission (“Commission”).

13 Q. What are your educational background and work experience?

14 A. I attended Truman State University in Kirksville, Missouri where I earned a
15 Bachelor of Science degree in Accounting in 2007. I have been employed by the Commission
16 since June 2007 within the Auditing Department.

17 Q. Have you previously testified before this Commission?

18 A. Yes. A listing of the cases in which I have previously testified, or authored a
19 Commission Staff (“Staff”) recommendation or memorandum, and the issues which I
20 addressed in those filings, is attached as Schedule KM-s1 to this surrebuttal testimony.

21 Q. What knowledge, skills, experience, training, and education do you have in the
22 areas of which you are testifying here?

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1 A. I have been employed by the Commission as a Regulatory Auditor for
2 14 years, and have submitted testimony on ratemaking matters numerous times on a variety of
3 subjects before the Commission. I have participated in in-house and outside training, and
4 attended seminars on technical and general ratemaking matters while employed by the
5 Commission.

6 Q. Are you familiar with the direct testimony that Mr. Jason Kunst submitted in
7 this case on behalf of the Staff?

8 A. Yes, I am. Mr. Kunst is no longer employed at the Commission as of late
9 September 2021. I am adopting his direct testimony filed in Staff's Cost of Service Report on
10 September 3, 2021. I am specifically adopting the section, "Columbia, Missouri
11 Gas Operations and Training Facility" on pages 32-33. Other Staff witnesses have adopted
12 various sections of Mr. Kunst's direct filed testimony in the cost of service report.

13 Q. Please summarize your surrebuttal testimony.

14 A. I will respond to Ameren Missouri witness Laura Moore's rebuttal testimony
15 concerning the future sale of utility property in Columbia, Missouri.

16 **COLUMBIA MISSOURI TRAINING FACILITY**

17 Q. Please describe this issue, as identified by witness Moore in her rebuttal
18 testimony on page 5.

19 A. Ameren Missouri owns a two acre parcel of vacant land in Columbia, Missouri
20 at 210 Orr Street that was the former site of a maintenance facility. Ameren Missouri has
21 entered into a contract to sell the land to the City of Columbia contingent on the approval of
22 voters in Columbia on a ballot question in November 2021. A replacement facility was
23 constructed approximately four miles from the Orr Street property. Staff recommends the

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1 sale proceeds should reduce the book value of the land purchased to construct the replacement
2 facility when the property is sold in the event the ballot question passes. Ameren Missouri
3 recommends no adjustment.

4 Q. Provide a brief history of the property.

5 A. Ameren Missouri's Columbia operating center and regional gas works
6 headquarters was located at 210 Orr Street. In 2012, a facility with an address of
7 2001 Maguire Boulevard was selected as a replacement. The Orr Street building was retired
8 January 2014. The land was transferred to non-utility property in March 2019¹.

9 The property was a former manufactured gas plant ("MGP"). MGP sites were used in
10 the late 1800s through the 1930s to extract various gasses from heating coal and distribute
11 them to customers. This was the precursor to the interstate natural gas pipeline system.
12 Several toxic byproducts of this process including coal tar and other petroleum distillates
13 remained on the site. Ameren Missouri was required by Missouri Department of Natural
14 Resources to remediate the site to remove any impending impact in use of the property. The
15 property is not unique in this regard; there are thousands of former MGP sites across the
16 country that require various levels of remediation. There are restrictive covenants that remain
17 post-remediation that dictate the future use of the property.

18 Q. How long has Ameren Missouri owned the property?

19 A. For at least several decades, perhaps longer as the property was owned by
20 predecessor utilities. As the property has been gas utility plant for some time, it has been
21 included in rate base in many prior rate cases.

22 Q. How did the property come to be under contract to sell to City of Columbia?

¹ Staff Data Request No. 188.1, Case No. GR-2019-0077.

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1 A. Following an appraisal, Ameren Missouri placed sale signage on the property
2 in mid-2019. The City of Columbia has a Right of First Refusal with Ameren Missouri. Over
3 several months of negotiations, a contract with the City of Columbia was agreed upon in late
4 2020 for a purchase price of \$950,000. The contract was executed in mid-2021.

5 Q. There is a similar issue in the current Ameren Missouri electric rate case
6 concerning the Saint Louis University (“SLU”) property disposition. Is Staff’s approach to
7 both property dispositions the same?

8 A. Yes. Both of these properties were replaced by like properties in their near
9 vicinities. Both properties were “used and useful” utility properties and included in
10 above-the-line accounts near the time of their transfer to non-utility property.

11 Q. Did Ameren Missouri seek approval for the sale or donation of the Orr Street
12 property?

13 A. No. Staff raised this issue in the 2019 rate case but the sale has not been
14 completed. This is the first case the Commission will have had the opportunity to fully
15 review the transaction.

16 Q. Why should Ameren Missouri be ordered to account for the proceeds of the
17 sale of the property by reducing the book value of the land purchased to construct a
18 replacement facility?

19 A. From January 2014 through May 2019 the property was included in rate base
20 and earned a return on shareholder invested capital while the property was vacant and
21 undergoing environmental remediation. By including the property and associated expenses in
22 utility rates, ratepayers not only financed Ameren Missouri’s would-be investment while it
23 was being prepared for sale but also all costs to improve the property and prepare it for sale.

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1 Ameren Missouri considered the property non-utility only when Staff inquired as to why the
2 property was still included in above-the-line accounts. In the meantime, the property was
3 included in cost of service through September 1, 2019, the effective date of rates in
4 Case No. GR-2019-0077 in which the property was removed from rate base.

5 Q. If City of Columbia had not contracted to purchase the property, would
6 Ameren Missouri still own the property?

7 A. Possibly. Ameren Missouri intended on listing the property for sale but
8 Columbia had the right of first refusal. The Orr Property does have environmental covenants
9 that must be followed for any future use of the property. This aspect does negatively affect
10 the marketability of the property.

11 Q. After the retirement of the facilities on the Orr Property, did Ameren Missouri
12 incur any costs related to the maintenance of the vacant property?

13 A. Yes. The substantial expense of demolishing the structures and returning the
14 property to usable land were charged to the depreciation reserve against the cost of removal
15 accrual. A substantial amount of remediation was performed to the satisfaction of the
16 Missouri Department of Natural Resources. All of these costs were included in cost of
17 service in either rate base or through operations and maintenance expense.

18 Q. There is no adjustment for the sale proceeds of the Orr Street property. What
19 is Staff asking of the Commission concerning this property?

20 A. Staff requests the Commission order Ameren Missouri to record the net
21 proceeds of the land sale against the value of the land at the replacement property at
22 2001 Maguire. This amount would be accounted for in a future rate case when the net
23 proceeds from the sale are known.

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1 Q. In summary, why should the Commission support Staff's recommendation and
2 offset the cost of the new facility by the gain on the sale of the land of the old facility?

3 A. Ameren Missouri will be selling the Orr Street property for a substantial gain.
4 The new gas maintenance facility was constructed within four miles of the old facility and
5 was a replacement of all the previous facilities that existed at the Orr Street property. The
6 land was used and useful utility property prior to the contracted sale and had been in cost of
7 service for decades. The treatment should follow the accounting of other proceeds from
8 salvage operations.

9 Q. Does that conclude your surrebuttal testimony?

10 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Adjust Its)
Revenues for Natural Gas Service) Case No. GR-2021-0241

AFFIDAVIT OF KEITH MAJORS

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

COMES NOW KEITH MAJORS and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal Testimony of Keith Majors*; and that the same is true and correct according to his best knowledge and belief.

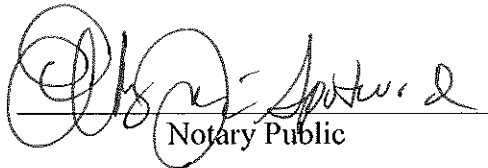
Further the Affiant sayeth not.



KEITH MAJORS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 3rd day of November, 2021.



Notary Public



EBONEY JACKSON-SPOTWOOD
My Commission Expires
April 8, 2023
Clay County
Commission #19885798

Keith Majors
Educational and Employment Background and Credentials

I am currently employed as a Utility Regulatory Auditor IV for the Missouri Public Service Commission (Commission). I was employed by the Commission in June 2007. I earned a Bachelor of Science degree in Accounting from Truman State University in May 2007.

As a Utility Regulatory Auditor, I perform rate audits and prepare miscellaneous filings as ordered by the Commission. In addition, I review all exhibits and testimony on assigned issues, develop accounting adjustments and issue positions which are supported by workpapers and written testimony. For cases that do not require prepared testimony, I prepare Staff Recommendation Memorandums.

Cases I have been assigned are shown in the following table:

Utility	Case Number	Issues	Exhibit
Spire Missouri	GR-2021-0108	Corporate Allocations, Rate Case Expense	Staff Report, Rebuttal, Surrebuttal
KCP&L & KCP&L GMO	ER-2018-0145 & ER-2018-0146	Synergy and Transition Costs Analysis, Transmission Revenue and Expense	Staff Report
Laclede Gas and Missouri Gas Energy	GR-2017-0215 & GR-2017-0216	Synergy and Transition Costs Analysis, Corporate Allocations	Staff Report, Rebuttal, Surrebuttal
KCP&L & KCP&L GMO	ER-2016-0156	Income Taxes, Pension & OPEB	Staff Report, Rebuttal, Surrebuttal
KCP&L & KCP&L GMO	EC-2015-0309	Affiliate Transactions, Allocations	Surrebuttal Testimony
KCP&L	ER-2014-0370	Income Taxes, Pension & OPEB, Revenues	Staff Report, Rebuttal, Surrebuttal
KCP&L	EU-2015-0094	DOE Nuclear Waste Fund Fees	Direct Testimony
KCP&L	EU-2014-0255	Construction Accounting	Rebuttal Testimony
Veolia Kansas City	HR-2014-0066	Income Taxes, Revenues, Corporate Allocations	Staff Report
Missouri Gas Energy	GR-2014-0007	Corporate Allocations, Pension & OPEB, Incentive Compensation, Income Taxes	Staff Report, Rebuttal, Surrebuttal
Missouri Gas Energy ISRS	GO-2013-0391	ISRS	Staff Memorandum
KCP&L & KCP&L GMO	ER-2012-0174 & ER-2012-0175	Acquisition Transition Costs, Fuel, Legal and Rate Case Expense	Staff Report, Rebuttal, Surrebuttal
Missouri Gas Energy ISRS	GO-2011-0269	ISRS	Staff Memorandum
Noel Water Sale Case	WO-2011-0328	Sale Case Evaluation	Staff Recommendation
KCP&L & KCP&L GMO	ER-2010-0355 & ER-2010-0356	Acquisition Transition Costs, Rate Case Expense	Staff Report, Rebuttal, Surrebuttal
KCP&L Construction Audit & Prudence Review	EO-2010-0259	AFUDC, Property Taxes	Staff Report
KCP&L, KCP&L GMO, & KCP&L	ER-2009-0089, ER- 2009-0090, & HR-	Payroll, Employee Benefits, Incentive Compensation	Staff Report, Rebuttal, Surrebuttal

GMO – Steam	2009-0092		
Trigen Kansas City	HR-2008-0300	Fuel Inventories, Rate Base Items, Rate Case Expense, Maintenance	Staff Report
Spokane Highlands Water Company	WR-2008-0314	Plant, CIAC	Staff Recommendation
Missouri Gas Energy ISRS	GO-2008-0113	ISRS	Staff Memorandum