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Witness:	Laura Moore
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File No.:	ER-2021-0240
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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2021-0240

REBUTTAL TESTIMONY

OF

LAURA MOORE

ON

BEHALF OF

UNION ELECTRIC COMPANY

D/B/A AMEREN MISSOURI

St. Louis, Missouri
October 15, 2021

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REBUTTAL TESTIMONY

OF

LAURA MOORE

FILE NO. ER-2021-0240

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Laura Moore. My business address is One Ameren Plaza, 1901 Chouteau Ave., St. Louis, Missouri.

Q. Are you the same Laura Moore that submitted direct testimony in this case?

A. Yes, I am.

Q. To what testimony or issues are you responding?

A. I am responding to the following issues raised by Staff: (1) Callaway unplanned outage (Staff witness Lisa M. Ferguson); (2) Saint Louis University ("SLU") land donation (Staff witness Jason Kunst); (3) Facilities (Staff witness Kunst); (4) call center costs (Staff witness Paul K. Amenthor); (5) low-level radioactive waste expense (Staff witness Ferguson); (6) mis-booking of electric costs during test year (Staff witness Christopher D. Caldwell); (7) netting of amortizations of regulatory assets and liabilities (Staff witness Ferguson); (8) cost savings measurement reporting (Staff witness Kunst); and (9) Advanced Metering Infrastructure (AMI) software (Staff witness Kimberly K. Bolin).

II. CALLAWAY UNPLANNED OUTAGE

Q. Please explain the Staff's position on the Callaway unplanned outage accounting.

A. Before addressing Staff's position, it is important to note that the outage involves two aspects of accounting, as follows: (1) accounting for the accidental outage insurance payments, and (2) accounting for the property insurance claim. The payments that have been received related to the accidental outage claim have been included in the determination of actual net energy costs in the Company's fuel adjustment clause ("FAC") to date and will continue to be included in the FAC if future payments are received. Staff is in agreement with the accounting for the accidental outage claim insurance payments.

Staff's position on the property insurance claim is that the reimbursements from insurance should offset the costs that Ameren Missouri incurred for the outage. Staff has proposed that all investment made to restore the plant which could ultimately be covered in part by funds received on the property insurance claim should be deferred until all of the investment costs are, from Staff's perspective, known and measurable. They propose that these costs should then be included in determining the revenue requirement in the next rate review.

Q. Does the Company agree with this proposal?

A. No, it does not. Staff is proposing this treatment because of amounts that they claim are not known and measurable. However, the capital costs associated with restoring the plant during the unplanned outage are known and measurable as of the true-up cutoff date. Those costs have been incurred, recorded to the general ledger, and the project on which those costs were incurred has been placed in-service on the Company's books. As a result of completing the project, the plant is operating and providing service to customers as we speak.

Q. Have property insurance claim recoveries been received?

A. Yes, and to the extent those recoveries were received as of the true-up cutoff date we have reduced the plant-in-service balance so that the only amounts to be included in rate base are the capital outlays the Company has made that have not been covered by insurance. I should also note that any open warranty issues with General Electric, which was the contractor on the turbine work primarily at issue during the outage, have been resolved removing any potential uncertainty about the cost of the outage.

Q. Are there additional amounts that may be received from the property insurance claim?

A. The Company believes that it is likely that some additional property insurance claim payments will be received, but until claims are approved and payments are made whether additional amounts will be received – and in what amount – remains uncertain.

Q. Will customers receive the benefit of these additional insurance payments in a future rate review?

A. Yes, if additional property insurance proceeds are received, the Company will reduce the plant-in-service balance which shall then constitute a reduction in rate base in the next rate review, effectively giving customers full credit for those proceeds. In addition, the Company plans to take one additional step to ensure customers are made whole.

Q. What is that additional step?

A. As the Commission knows, the mechanics of plant–in-service accounting ("PISA") are such that less than all (85%) of the depreciation and return on qualifying investments is deferred to the PISA regulatory asset. In the case of these potential insurance proceeds, the opposite will occur, that is, any insurance proceeds received subsequent to the true-up date will result in a *reduction* to the PISA deferral of 85% of the return and depreciation offset by the proceeds, meaning customers will get full credit for that 85%. However, absent taking another step, customers would not get credit for the remaining 15% that is not deferred. Consequently, the Company will record the remaining 15% of return and depreciation arising from reductions in plant-in-service caused by any further insurance reimbursements to a separate regulatory liability that can then be reflected in the revenue requirement in a future rate review.

Q. Why is this approach superior to the Staff's approach?

A. Because it follows well-established known and measurable principles while making sure customers get full credit for future insurance recoveries, *if there are any.*

Q. Are there any other issues regarding Staff's position on the Callaway unplanned outage that you wish to address?

A. Yes, while the Company agrees with Staff's adjustment to remove non-labor O & M expenses for this unplanned outage because they are non-recurring, Staff appears to also have removed O & M expenses that consist of labor costs. Such an adjustment is inappropriate as those costs are for employees that will remain employed and performing other duties now that the unplanned outage is completed, and that performed other duties prior to the outage. Therefore, Staff's removal of $53,000 of such costs is inappropriate.

III. SLU LAND DONATION

Q. Please explain Staff's position regarding the land donated to SLU.

A. Staff has proposed an adjustment to the cost of the land purchased for the new Central Substation equal to the amount of a gain they claim the Company would have received if the land on which the former substation was located had been sold instead of donated. Mr.

Kunst states in his testimony that customers should be given consideration for the proceeds of this hypothetical sale.

Q. Do you agree with Mr. Kunst's proposed adjustment for the SLU donation?

A. No, I do not. The SLU donation was a donation of *land* only. The Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts ("USoA") is very clear on the appropriate accounting treatment for the sale of land. Specifically, Electric Plant Instruction 7.E. states:

> Any difference between the amount received from the sale of land or land rights, less agents' commissions and other cost incident to the sale, and the book cost of such land or rights, shall be included in account 411.6, Gains from Disposition of Utility Plant, or 411.7, Losses from Disposition of Utility Plant when such property has been recorded in account 105, Electric Plant Held for Future Use, otherwise to account 421.1, Gain on Disposition of Property or 421.2, Loss on Disposition of Property, as appropriate, unless a reserve therefor has been authorized and provided. Appropriate adjustments of the accounts shall be made with respect to any structures or improvements located on land sold.

This was not land held for future use, meaning either account 421.1 or 421.2 are applicable. Both of those accounts are *below-the-line* accounts that are not to be included in the determination of the revenue requirement. Consequently, if the Company had sold the land and received proceeds as Mr. Kunst claims could have occurred, any gain *or* loss on the sale would have been recorded *below*-the-line and would not offset *above*-the-line expenditures.

Q. Are there other reasons Mr. Kunst's position is inappropriate?

A. Yes. Another important distinction arises from how land is treated in customer rates when it *is* in service. For most assets, customers pay rates reflecting both a return *of* the asset and a return *on* the asset. However, land does not depreciate so customer rates do not reflect any return *of* the investment in the lands. Since the utility does not receive a return of its capital invested in the land, proceeds received for the sale of land are retained by the Company. In short, gains on sale of property should belong to the utility since customers acquire no interest in utility property simply because they pay for utility service, as the USoA recognizes. Moreover, it makes even less sense to ignore the USoA as Mr. Kunst suggests here where the revenue requirements used to set customer rates never included depreciation expense to cover the cost of acquiring the land in the first place.[1]

Q. Mr. Kunst also claims that the donation should not have been made without receiving Commission permission. What is the Company's response to that claim?

A. While I am not an attorney and the Company's attorneys will address this issue in position statements and briefs, it is my general understanding that only transfers of assets that are part of the Company's "franchise, works, or system" and only then if they are "necessary or useful" in providing service require prior permission. The land in question stopped being used for utility service in 2012, after the new Central Substation constructed on a different parcel of land was completed and placed in service. From that point forward, the land was just a vacant parcel that the Company was never going to use for service again. Consequently, I see no basis for a claim that it was either necessary or useful in providing service.

[1] In *In Re: Kansas City Power & Light Co.*, 1986 WL 1301283 (Mo. P.S.C.), 75 P.U.R.4th, Report and Order, File No. EO-85-185 et. al., (April 23, 1986) (Rejecting including the gain on the sale of land in the revenue requirement and indicating the gain should be retained by the utility and treated below-the-line, in part because land is not depreciable).

IV. FACILITIES

Q. Staff proposed some adjustments related to facilities. Can you explain these adjustments?

A. Yes. Staff included the following adjustments related to facilities: (1) the Bank of America Lease; (2) the Eldon Transmission Building; (3) the Sunset Hills Office; (4) the Edina Facility; (5) Eldon and Versailles Operations and Maintenance ("O&M") costs, and (6) the SLU donation which I discussed above. Company witness Mitch Lansford will address Staff's adjustment for the Bank of America lease that was cancelled. I will walk through each of the other adjustments below.

Q. Please describe the Eldon Transmission Building adjustment.

A. The adjustment for the Eldon Transmission Building was made to remove the land and building from rate base due to the sale of the building.

Q. Do you agree with this adjustment?

A. I agree that it should not be included in rate base, but no adjustment will be necessary. An adjustment will be unnecessary because this facility has been retired from the Company's books and it will be excluded from the true-up data.

Q. Please describe the Sunset Hills Office adjustment.

A. Staff has proposed an adjustment to remove this facility from rate base. The Company discussed a plan to sell the building in a meeting with Staff.

Q. Does the Company agree with this adjustment?

A. Yes, because the situation has recently changed. The Company agrees that the facility should not be in rate base because the building was vacated by employees in early September. As a result of the employees moving out of the building, an adjustment was made by the Company to reclassify the facility as non-utility property on its books during September, meaning this change will be included in the true-up. Because of the transfer, no adjustment is needed as non-utility assets are not included in rate base.

Q. The next facility-related adjustment proposed by Staff involves the Edina facility. Please describe this adjustment.

A. Staff proposed an adjustment to remove the Edina facility from rates until it is transferred on the books of the Company and updated at true-up.

Q. Are you in agreement with this adjustment?

A. Yes, but it is not needed because Staff planned to remove the adjustment in true-up because the facility was transferred to non-utility property on the Company's books in June 2021. Since this transfer on the books was already made, no adjustment to the trued-up rate base is needed.

Q. The last adjustment for facilities relates to the O&M expenses for some facilities that were sold or transferred on the books to non-utility property during the test year or true-up period. Please explain.

A. O&M costs related to the Eldon, Versailles, and the Sunset Hills office were incurred during the test year. These buildings were either sold during the test year or in the case of Sunset Hills, were moved to non-utility property during the true-up period. As a result, Staff has proposed to remove these O&M costs from the revenue requirement.

Q. Do you agree with this adjustment?

A. Yes, I do.

V. CALL CENTER COSTS

Q. Please explain Staff's position on call center costs.

A. Staff is proposing to annualize the costs of the outside call center by applying the current hourly rate to the actual hours worked during the twelve months ended June 30, 2021.

Q. Do you agree with Staff's position regarding call center costs?

A. No. The level of this expense during the true-up period is artificially low compared to a normal level of expense to be expected once rates set in this case take effect. If the hours from the external call center were averaged for the last three years to smooth out the unusually low number of hours worked during a significant part of the pandemic, the hours will be much more reflective of hours expected in the future.

Q. Why were hours during the pandemic artificially low?

A. Because for much of 2020, the Company operated with a moratorium on disconnections due to the pandemic, which substantially reduced call volume. In addition, due to staffing shortages experience in 2021, likely from a variety of causes (the pandemic, greater governmental benefits available to unemployed persons during the pandemic, and a very tight labor market), hours dropped further as compared to 2020.

Q. What level of call center costs should be reflected in the revenue requirement?

A. $1,641,000, calculated by applying the contract rates to a three-year average of the call center hours worked. This will increase the test year level of expense by $98,000.

VI. LOW-LEVEL RADIOACTIVE WASTE EXPENSE

Q. Please explain the adjustment that Staff has proposed for the low-level radioactive waste expense.

A. Staff has proposed to normalize the expense through use of a three-year average and states that they will continue to monitor these costs through the true-up.

Q. Do you agree with this adjustment?

A. No. The Company's position is that the test year amount should be used. In the Company's last rate review Staff proposed a normalization using a two-year average. In this case, they have changed that to a three-year average but have provided no support for that change, nor have they provided any support for discarding the test year level of expense. Absent a good reason to discard the test year (or true-up period, as appropriate) level of expense in favor of normalization, expenses should not be normalized at all.

Q. Why is normalization of this expense using a three-year average inappropriate?

A. The costs of the radioactive waste disposal were abnormally low in 2018 and again through September, 2021. They were abnormally low in 2018 because the Company was training a new shipper and purposefully did not ship as much waste as it would in a normal year so as not to take on too much risk until the new shipper was properly trained. In 2021, there were several reasons why the shipments for the year have been abnormally low. First, the rates for the work were bid in at a higher rate and it took some time to review and negotiate the rates, during which time shipments were not being made. Second, shipments were reduced due to scheduling issues that arose from other work being done at Callaway during the unplanned outage this year. Lastly, the Company changed vendors for this work and the new vendor had to be validated.

Because those unusual circumstances no longer exist, the expense should not be normalized by including periods when those circumstances did exist.

VII. MISALLOCATION OF ELECTRIC COSTS DURING THE TEST YEAR

Q. Please explain the issue that Staff has raised related to electric costs misallocated to gas operations.

A. Currently, the Company's accounting systems and code block record costs as either electric or gas. Costs that are considered common costs are recorded as electric costs in the Company's general ledger and those costs are then allocated monthly to gas operations. There are some costs that have been allocated to gas operations incorrectly as this process was applied. Staff has proposed an adjustment related to these misallocated costs.

Q. Does the Company agree with the adjustments that Staff has proposed for this issue?

A. Partially, yes. I agree with the Staff's adjustments related to the allocation of building costs, but the majority of the adjustment with which we agree is related to changes in circumstances since we filed our direct case, that is, the pending sale of the Sunset Hills building. The remaining adjustment is extremely minor, only about $2,000. Company witness Lansford discusses the misallocated dues and donations in his discussion of that topic, and why the Company does not entirely agree with those adjustments.

Q. Are there any other issues related to this topic that you would like to discuss?

A. Yes. Mr. Caldwell mentions in his portion of the Staff Report on Cost of Service that after this issue came up in the Company's last gas rate review, the Company planned to set up a new code in the General Ledger to prevent these issues from reoccurring. He also states that Staff expected this issue to be resolved before the current case and asks the Commission to order Ameren Missouri to make the changes necessary to prevent this issue.

Q. What is the Company's response?

A. I was involved in the discussion with Staff during the last gas rate review when this issue came up. The Company never stated that the issue would be resolved by the current case and did not state that a new accounting code would be added to the General Ledger. It was discussed that a new accounting code was a potential option but because the Company is involved in a project to review all of the accounting systems and accounting codes, no decision on a permanent solution has yet been made. This issue is still being reviewed and will be adjusted going forward, but adding an accounting code to the system is a major process that would be better handled when new systems are implemented. Changes to the accounting codes cannot just be made in the General Ledger, but must also be made in every system that feeds the General Ledger. The Company would like to continue the finance transformation project that is currently underway and make the appropriate changes during that project.

Until those changes can be made, the Company is reviewing the charges allocated to gas and made a pro forma adjustment to reflect appropriate allocations between gas and electric in the Company's direct filing. In its report, Staff made an adjustment to include additional amounts. As noted earlier, I have agreed to the additional amounts related to building costs.

There were also additional amounts included in Staff's adjustment with which the Company does not agree that are discussed by Company witness Lansford.

VIII. NETTING OF AMORTIZATIONS OF REGULATORY ASSETS AND LIABILITIES

Q. What is Staff's position on the netting of amortizations of regulatory assets and liabilities?

A. Per the Unanimous Stipulation and Agreement in File No. ER-2019-0335,

> The Signatories agree that in the Company's next general rate proceeding, the balance of each amortization relating to regulatory assets or liabilities that remain, after full recovery by Ameren Missouri (regulatory asset) or full credit to Ameren Missouri's customers (regulatory liability), shall be applied as offsets to other amortizations which do not expire before Ameren Missouri's new rates from that general rate proceeding take effect. If no other amortization expires before Ameren Missouri's new rates from that general rate proceeding take effect, then the remaining unamortized balance of any regulatory asset or liability that did not expire before new rates from that general rate proceeding take effect shall be a new regulatory liability or asset that is amortized over an appropriate period. Any over- or under-recovery of a regulatory asset or regulatory liability will be treated in the same manner as the underlying regulatory asset or regulatory liability.

Based on this agreement, Staff has proposed some netting of some of the Company's regulatory assets and liabilities.

Q. Does the Company agree with the amortizations that Staff has proposed?

A. Not completely. There are a few balances that were stranded from File No. ER-2016-0179 due to the rates going into effect prior to the operation of law date in that case.

Q. Why were those balances stranded?

A. While both Staff and the Company intended to account for the earlier effective date of rates, a mistake was made in the balances provided by the Company to the Staff, which was not caught by the Staff, leading to the stranded balances. Specifically, at the time the Company made an error and did not pick up the stranded balances for the following accounts:

Pre-MEEIA Energy Efficiency – File No. ER-2010-0036 – Rate Base Inclusion

Pre-MEEIA Energy Efficiency – File No. ER-2011-0028 – Rate Base Inclusion

Pre-MEEIA Energy Efficiency – File No. ER-2014-0258 – Rate Base Inclusion

RES Costs – File No. ER-2012-0258 – No Rate Base Inclusion

These amounts should also be included in the netting proposed by Staff in this case.

In addition to the amounts that need to be included in the netting related to the timing of the effective date of new rates in the last case (File No. ER-2019-0335), I have a couple of other differences with Staff witness Lisa Ferguson's netting calculations. Ms. Ferguson lists some regulatory assets and liabilities that she proposes should be included in the new netted amortizations.[2] After review of these accounts, the FIN 48 regulatory asset from File No. ER-2016-0179 does not need to be included. As a result of the early rates in the last case, this asset was fully amortized, meaning there is no balance to net.

The other differences I have with Ms. Ferguson's calculations relate to regulatory assets or liabilities that will be fully amortized within one year of the effective date of rates in this case. The Company is proposing to add these additional regulatory assets and liabilities to the netting to avoid any over- or under-collection that would then have to be dealt with in the next rate review. These additional accounts are as follows:

RES Costs – File No. ER-2019-0335 – No Rate Base Inclusion

Solar Rebates – File No. ER-2019-0335 – No Rate Base Inclusion

Excess Deferred Income Tax Tracker – File No. ER-2019-0335 – Rate Base Inclusion

[2] File No. ER-2021-0240.Staff's Cost of Service Report, pp 150-151.

If these balances are not included in the netting amounts then the amounts should be rebased so they do not over- amortize before the next case.

IX. COST SAVINGS MEASUREMENT REPORTING

Q. Please explain the proposal Staff has made regarding the Cost Savings Measurement reporting in their direct case.

A. Staff has requested that they continue to receive the cost savings reporting that they are currently receiving as agreed to by the Company in the stipulation resolving File No. ER-2019-0335. Staff is also now asking for two additional pieces of information. First, Staff has requested the Company to provide the actual quantified savings for the period examined. Second, Staff indicates it would like to see any variance between the actual cost savings and the forecasted cost savings with a detailed description of the variance. Staff's justification is based on its claim that it is important to quantify the savings so that the savings can be passed through to customers.

Q. Does the Company agree with the additional reporting requirements?

A. No. There are multiple reasons why these reporting requirements are not needed and cannot be agreed to. First, the premise behind Staff's claimed need is flawed because as and when cost savings occur, they will lower test year (or true-up period) expenses which, in turn, will lower the revenue requirement used to set rates. Customers will already receive the benefit of any of these cost savings and there is no need to report on these amounts for this to happen.

There are also severe practical problems with coming up with what the "actual" savings would be, including figuring the savings as compared to what. The Company is consistently looking for savings opportunities and often identifies what it believes to be such opportunities many years in advance of when actual benefits would be realized or fully realized. For example, the Callaway Energy Center has undertaken a project intended to realize future savings for risk-informed operations. The risk-informed operations project will develop the necessary infrastructure that will allow the energy center to use actual plant conditions to determine how long certain equipment can be out of service while the plant continues to remain online and producing power. This is expected to provide two benefits. First, since certain equipment can be maintained or repaired between refueling outages, it is expected to shorten refueling outage duration and thus reduce refueling outage costs since some of those costs increased with each day a refueling outage continues. Second, by shortening the duration of refueling outages the plant would be able to produce more megawatt hours overall, thus increasing energy sales revenues that will flow back to customers in the FAC. This project began in 2016 but the O&M savings and other benefits are not currently expected to be realized until the 2023 refueling outage. For this project, would the actual savings be tracked against the forecast developed when the project began? Would it be tracked against a baseline that might at some point be set as the Company tracks cost savings from Customer Affordability initiatives? Or, would it be compared to a later 12-month period preceding the time of reporting? Or, would it be some other period or measure? And whatever the comparison might be may or may not related to the period used to set a revenue requirement in a future rate review, which is how and when cost savings would actually be realized for customers.

These same issues make the requested variance reporting very problematic. There are many efforts underway to control the costs. However, when we begin working through these opportunities, the forecasted savings are by their nature estimates, which will almost certainly turn out to be wrong (too high or too low). As initiatives progress, estimates usually change. This obviously means that there will be variances from the amounts estimated at any given time.

What would be the benefit in explaining why our initial or revised estimates are incorrect? The goal should be to encourage employees to pursue cost reduction initiatives rather than attaching some arbitrary and artificial significance to the quality of an estimate of the savings made at various times as savings are being pursued.

The current report that is provided to Staff annually includes a listing of each cost savings initiative project, a description of the project, the functional department responsible for the project, the estimated project start and end date, and the estimated cost savings that are included (as of the time of the report) in the Company's budget/forecast (the current year budget plus a forecast for the succeeding four years), by year, based on a baseline period used for the Customer Affordability initiative. As and when rate review cases occur, Staff will see the test year (or trued-up test year) level of a given expense, including those targeted by an initiative, and can ask questions about the drivers of reductions in an expense, in the rate of growth of an expense, etc. But in the end, the expense level will be what it will be and if the savings initiative has been able to reduce it or slow the rate of its growth, those benefits will be reflected in rates. There is no need for further reporting.

X. ADVANCED METERING INFRASTRUCTURE ("AMI") SOFTWARE

Q. What is the issue the Company would like to raise regarding AMI[3] software?

A. The Company installed software that is necessary to use and operate AMI meters currently being installed for its electric customers and will also be installed for its gas customers. This software was placed in service and is being used for electric customers today, however, since AMI meters for gas customers have not yet been installed, the software is not

[3] Also referred to as "smart meters."

currently supporting any gas meters. Starting in 2023, AMI gas meters will be installed for our gas customers. Because ultimately the software will not exclusively support operation of electric meters, the Company allocated for ratemaking purposes a portion of the software's cost to its gas operations. Because of that allocation, that portion was not included in the determination of the revenue requirement in this electric rate review case.

Q. Were those allocated costs included in the revenue requirement in the gas rate review case (File No. GR-2021-0241)?

A. While they could have been, no, we did not include them in the revenue requirement in the gas case. Instead, we proposed in that case to defer the gas portion of the AMI software cost to a regulatory liability to be recovered in a future gas rate review case revenue requirement once the software was actually used to support gas AMI meters. This approach delayed any rate contribution by gas customers today who don't have AMI meters, but would create a much better alignment of the cost of the software with those that will benefit from it.

Q. Please explain Staff's position on the gas software.

A. Staff "concurred" in the exclusion of the portion of the software cost that the Company had allocated to the gas business, but then opposed the deferral of those costs that were allocated to the gas business and did not include those costs in the revenue requirement Staff sponsored in the gas case. The result of Staff's position would deny the Company recovery of prudently-incurred AMI software costs, even though the total cost of the AMI software would have been the same even if the Company did not have a gas business.

Q. What is the basis for Staff's position?

A. Staff claims the deferral violates the matching principle. Staff provides no basis for also failing to include the allocated costs in the revenue requirement of the electric rate review case.

Q. Does the Company agree with Staff?

A. No, for two reasons. First, as indicated the AMI software is necessary and used and useful for the electric business regardless of whether the Company has a gas business, and the cost of that software would have been exactly the same even if the Company had no gas business. There is absolutely no basis to exclude any of the cost from both revenue requirements. Consequently, if the deferral proposed in the gas rate review case is not adopted, the costs allocated on the Company's books should be included in the revenue requirement used to set rates in this case.

Second, the matching principle does not preclude the proposed deferral in the gas rate review case. To understand why requires one to recognize (as the Commission itself has) that there are two aspects to the matching principle. Staff's matching principle objection is based on the first aspect, that is, the aspect that holds that revenues and expenses should be matched to the period within which they are incurred. Staff is basically saying to defer part of the costs incurred now to be addressed in a gas rate review case later creates a mismatch. It is not clear that there is a mismatch at all given that the deferral would in fact match the costs with gas customers actually being served by AMI meters. Regardless, there is a second aspect of the matching principle that the Staff completely ignores. That aspect holds that "ratepayers are charged with the costs of producing the service they receive."[4] The purpose of this second aspect

[4] *In the Matter of the Joint Application of Missouri-American Water Co et al,* File No. WO-2002-273, Report and Order on Remand (Nov. 10. 2004).

of the matching principle is to "match costs with benefits so that ratepayers that enjoy the benefits of utility property also bear the costs thereof."[5] It is also important to note that the Commission can and has set revenue requirement components that don't always neatly fit within both aspects of the matching principle, even if some aspect of the principle may not be fully adhered to for a given ratemaking adjustment.[6]

Q. Will gas customers bear a fair share of the costs of the software from which they will benefit if this deferral is not allowed?

A. Obviously not. As noted, the software itself, and its costs, would have been the same even if Ameren Missouri only had an electric business and only supported electric meters. Therefore, if the deferral is not allowed, all of the costs must be included in the electric revenue requirement because without a gas business, electric customers would have had to pay 100% of the same cost. The Company proposed the deferral because while the electric customers would have had to pay the full cost if there were no gas customers, since there are gas customers, it believed a fairer result was for gas customers to ultimately pay the proportion of the software costs that is equal to the proportion of gas meters to the total number of meters (gas and electric) once all meters for both gas and electric customers are installed. To put another way, it is fair for gas customers to pay costs for the software that benefits them (match costs with benefits). The Company's proposal does just that, just as the second aspect of the matching principle holds.

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[5] *Id.*

[6] *In the Matter of Union Electric Company*, File No. ER-2010-0036, Report and Order (May 28, 2010) (Agreeing that increased nuclear fuel costs that would take effect after the true-up data in the case but before new rates would take effect should be included in the revenue requirement, even though Staff argued that doing so violated the matching principle).

Q. What adjustments must be made to the electric revenue requirement if Staff's position in opposition to the deferral in the gas case were to be sustained by the Commission?

A. The electric rate base would need to be updated to include the plant and reserve balances related to the AMI software the Company originally allocated to gas and proposed to defer. The plant increase would be $4,500,000 and the reserve increase would be $1,100,000. In addition, amortization expense in the electric revenue requirement must be increased by $900,000 since the amortization period for the software is five years.

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 Adjust	)	Case No. ER-2021-0240
Its Revenues for Electric Service.	)	

AFFIDAVIT OF LAURA M. MOORE

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

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

My name is Laura M. Moore, and on her oath declare that she is of sound mind and lawful age; that she has prepared the foregoing *Rebuttal Testimony*; and further, under the penalty of perjury, that the same is true and correct to the best of my knowledge and belief.

/s/ Laura M. Moore
Laura M. Moore

Sworn to me this 15th day of October, 2021.