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Witness: Greg R. Meyer
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Case No.: ER-2014-0258
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**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

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In the Matter of Union Electric Company,)
d/b/a Ameren Missouri's Tariff to Increase)
Its Revenues for Electric Service)
_____)

Case No. ER-2014-0258

Direct Testimony and Schedules of

Greg R. Meyer

On behalf of

Missouri Industrial Energy Consumers

December 5, 2014

MIEC Exhibit No. 513
Date 2-25-15 Reporter KF
File No. ER-2014-0258



Project 9913

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**Greg R. Meyer
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**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

**In the Matter of Union Electric Company,
d/b/a Ameren Missouri's Tariff to Increase
Its Revenues for Electric Service**

Case No. ER-2014-0258

Direct Testimony of Greg R. Meyer

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Greg R. Meyer. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 **Q WHAT IS YOUR OCCUPATION?**

5 A I am a consultant in the field of public utility regulation and an Associate with
6 Brubaker & Associates, Inc., energy, economic and regulatory consultants.

7 **Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

8 A This information is included in Appendix A to this testimony.

9 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

10 A This testimony is presented on behalf of the Missouri Industrial Energy Consumers
11 ("MIEC"). These companies purchase substantial quantities of electricity from
12 Ameren Missouri (or "Company").

13 Their cost of electricity would increase approximately 9.7% if Ameren Missouri
14 is granted the full amount of the increase it requested. This proceeding will have a
15 substantial impact on these companies' cost of doing business, and thus they are
16 vitally interested in the outcome.

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1 Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?

2 A I am proposing several adjustments to the Company's proposed revenue
3 requirement. In total, they reduce Ameren Missouri's proposed revenue requirement
4 by \$ 51.8 million. Listed below is a short description of each adjustment. The value
5 of each adjustment is provided in the Overview section of my testimony where I
6 address all of the adjustments proposed by MIEC.

- 7 1. Solar Rebates – I am recommending that Ameren Missouri not collect any
8 deferred expenses associated with solar rebate costs because the significant
9 over-earnings realized by the Company are more than adequate to cover these
10 costs.
- 11 2. Lost Fixed Cost Accounting Authority Order (“AAO”) – I am recommending that
12 Ameren Missouri not be allowed to recover any costs from this AAO. These
13 deferrals represent ungenerated revenues/unrealized profits.
- 14 3. Vegetation Management – I recommend: (1) that the annual level of expense for
15 vegetation management costs should be \$52.5 million; (2) that the deferred
16 expenses from August 2012 through October 2014 be disallowed; (3) that these
17 expenses be monitored through the true-up period for potential further adjustment
18 as necessary; and (4) that the vegetation management tracker be discontinued.
- 19 4. Amortizations – I recommend that amortization expenses be eliminated or
20 rebased over two years when those amortizations will either expire close to the
21 operation of law date in this case or within the period new rates will be effective
22 from this rate case. I also recommend that two amortizations be disallowed
23 based on Ameren Missouri's over-earnings.
- 24 5. Infrastructure Inspections – I recommend: (1) that the annual level of expense for
25 infrastructure inspections should be \$5.8 million; (2) that the deferred liability from
26 August 2012 through October 2014 be amortized over three years; (3) that these
27 deferred expenses continue to be monitored from November 2014 through
28 December 2014 for potential further adjustment as necessary; and (4) that the
29 infrastructure inspection tracker be discontinued.
- 30 6. Major Storms – I am recommending: (1) a \$5.4 million annual level of major
31 storm expenses; (2) that the deferred liability from August 2012 - September 2014
32 be amortized over five years; (3) that these storm expenses be monitored from
33 October 2014 through December 2014 for potential further adjustment as
34 necessary; and (4) that the storm tracker be discontinued.

1 **Overview**

2 **Q WHAT INCREASE HAS AMEREN MISSOURI REQUESTED IN THIS RATE CASE?**

3 A The overall increase is \$264.1 million, or about 9.7%. Ameren Missouri witness
4 Michael Moehn, at page 5 of his direct testimony, lists the following reasons for the
5 proposed increases in retail rates.

- 6 1. \$127 million increase in net fuel costs;
- 7 2. Approximately \$97 million from depreciation and return on significant new
8 capital investments;
- 9 3. \$43 million increase in income taxes and other taxes;
- 10 4. \$34 million for solar rebates; and
- 11 5. \$17 million for the early retirement of the Meramec Energy Center in 2022.

12 Mr. Moehn notes that the above figures total to more than the requested increase
13 (\$264.1 million), but explains that Ameren Missouri has achieved cost savings in
14 other areas of operations within the Company that offset these increases.

15 **Q DO YOU BELIEVE AMEREN MISSOURI HAS JUSTIFIED ITS PROPOSED**
16 **OVERALL INCREASE OF \$264.1 MILLION?**

17 A No. I believe Ameren Missouri's claimed revenue deficiency is significantly
18 overstated. We have performed detailed analysis of many of the significant aspects
19 of the operations of Ameren Missouri. Based on our analyses, we have determined
20 that Ameren Missouri has overstated its revenue requirement by at least \$172 million.
21 This revenue requirement reduction does not incorporate other parties' adjustments,
22 which could lower the revenue requirement even further. Based on our analyses, we
23 believe Ameren Missouri's revenue deficiency should be reduced by more than 65%
24 of its requested amount.

1 It should be noted that the fact an MIEC witness does not address a specific
2 cost of service issue should not be interpreted as accepting Ameren Missouri's
3 position. We reserve the right to accept and adopt other parties' adjustments.

4 **Q PLEASE DISCUSS AMEREN MISSOURI'S PAST RATE INCREASES.**

5 **A** Ameren Missouri's past rate increases are shown on Schedule GRM-1. This
6 schedule shows the rate increases Ameren Missouri has received in its last five rate
7 cases dating back to August 2007. As a result of those five rate cases, Ameren
8 Missouri has received \$868 million in base rate increases, or a 37% overall increase
9 in rates. If Ameren Missouri is granted the full rate relief it has requested in this case,
10 the total increase in base rates will be approximately \$1.1 billion on an annual basis
11 since August 2007.

12 This schedule also shows the increases Ameren Missouri has received as a
13 result of the fuel adjustment clause ("FAC"). Increases/decreases in customer rates
14 as a result of the FAC are not permanent. FAC rates are reviewed three times a year
15 and FAC imbalances are collected over an eight-month period. Customers have paid
16 \$613 million for FAC increases since Ameren Missouri was allowed an FAC in 2009.

17 **Q PLEASE IDENTIFY THE OTHER WITNESSES PRESENTING TESTIMONY ON**
18 **BEHALF OF MIEC, AND BRIEFLY DESCRIBE THE SUBJECT AREAS THAT**
19 **EACH WILL ADDRESS.**

20 **A** ➤ **Mr. Michael Gorman:** - Mr. Gorman presents evidence concerning the
21 appropriate cost of equity and overall rate of return for Ameren Missouri. Mr.
22 Gorman is proposing a return on equity of 9.3% for Ameren Missouri.

23 ➤ **Mr. Steven Carver:** Mr. Carver presents evidence concerning the increased
24 costs from Ameren Services that Ameren Missouri is proposing to include in
25 cost of service.

- 1 ➤ **Mr. Nicholas Phillips and Mr. Brian Andrews:** Both Mr. Phillips and Mr.
2 Andrews present evidence regarding Ameren Missouri's production cost
3 modeling, fuel costs and off-system sales. Mr. Phillips also proposes certain
4 wholesale adjustments which are not included in the production cost model.
- 5 ➤ **Mr. Michael Brosch:** Mr. Brosch presents evidence concerning various current
6 income tax and deferred income tax issues.

7 **Q PLEASE SUMMARIZE THE VALUE OF ISSUES RECOMMENDED BY MIEC**
8 **WITNESSES.**

9 **A I have prepared Table 1 which lists the issue values MIEC proposes and the witness**
10 **sponsoring the testimony for each issue.**

TABLE 1		
MIEC's Adjustments to Ameren Missouri's Proposed Revenue Requirement		
Category of Adjustment	Amount of Reduction (000)	Witness
1. Return on Equity	\$ 67,104	Gorman
2. Ameren Services Charges	\$ 6,288	Carver
3. Current Income and Deferred Income Taxes	\$ 22,976	Brosch
4. Solar Rebates	\$ 33,697	Meyer
5. Lost Fixed Cost Accounting Authority Order	\$ 7,112	Meyer
6. Vegetation Management	\$ 3,390	Meyer
7. Amortizations	\$ 5,432	Meyer
8. Storms	<u>\$ 2,119</u>	Meyer
9. Total Non-Fuel	<u>\$148,118</u>	
10. Net Fuel Costs	\$ 6,353	Andrews/Phillips
11. Other Fuel & Purchased Power Costs	\$ 8,850	Phillips
12. Other Sales Revenues	<u>\$ 8,800</u>	Phillips
13. Total Fuel	<u>\$ 24,003</u>	
14. Total Reduction	<u>\$172,121</u>	

1 Q WHAT IS THE TEST YEAR IN THIS CASE?

2 A The test year is the 12-months ended March 31, 2014.

3 Q IS THERE A TRUE-UP CUT-OFF PERIOD?

4 A Yes. The true-up cut-off period is December 31, 2014.

5 Q DID THE COMMISSION PROVIDE ANY GUIDANCE TO THE PARTIES
6 REGARDING THE TRUE-UP?

7 A Yes. The Commission stated that, "No party shall revise or change that party's
8 methods or methodologies in true-up testimony."¹

9 Q WHY IS IT IMPORTANT TO HAVE A TEST YEAR AND TRUE-UP PERIOD?

10 A The test year establishes a common 12-month period for all parties to audit the utility
11 and propose adjustments. A true-up allows all parties to update their positions to a
12 date closer to when rates will be effective. The test year and true-up periods allow for
13 all relevant factors to be analyzed during a common period. Please refer to the direct
14 testimony of MIEC witness Carver for a more-detailed discussion of test year and
15 true-up.

¹Procedural Schedule, Ordering Paragraph 2.

1 **Ameren Missouri's Earnings**

2 Q COULD YOU PLEASE DESCRIBE AMEREN MISSOURI'S EARNINGS SINCE THE
3 TRUE-UP CUT-OFF PERIOD IN AMEREN MISSOURI'S LAST RATE CASE (CASE
4 NO. ER-2012-0166)?

5 A Yes. Overall, since August 1, 2012, Ameren Missouri has earned in excess of its
6 authorized rate of return.

7 Q WHEN DID RATES GO INTO EFFECT AS A RESULT OF AMEREN MISSOURI'S
8 LAST RATE CASE, CASE NO. ER-2012-0166?

9 A January 2, 2013.

10 Q WHY DID YOU INCLUDE IN YOUR ANALYSIS THE PERIOD FROM AUGUST 2012
11 THROUGH DECEMBER 31, 2012?

12 A August 2012 is the month subsequent to Ameren Missouri's true-up cut-off date of
13 July 31, 2012 from the last rate case. I have included that period of time to show how
14 Ameren Missouri has performed since this true-up cut-off date when all relevant
15 factors were last considered. August 1, 2012 is also the starting date for the
16 accumulation of deferrals through the numerous tracking mechanisms approved for
17 Ameren Missouri in prior rate cases, and the beginning month of the current deferrals
18 associated with solar rebate payments.

1 Q WHAT HAS AMEREN MISSOURI REPORTED FOR ACTUAL EARNINGS FROM
 2 AUGUST 2012 TO THE CURRENT PERIOD?

3 A I have prepared Table 2 which shows Ameren Missouri's reported return on equity for
 4 each 12-month period from August 2012 through June 2014. In addition, I have
 5 included September 30, 2014 results.

TABLE 2			
<u>Historical Ameren Missouri Reported Earnings</u>			
<u>12-Month Period Ended</u>	<u>Authorized Return on Equity</u>	<u>Actual Reported Return on Equity</u>	<u>Revenues from Excess Earnings (000)</u>
August 2012	10.20%	10.11%	(\$ 5,218)
September 2012	10.20%	10.50%	\$ 17,111
October 2012	10.20%	10.77%	\$ 32,148
November 2012	10.20%	10.92%	\$ 40,652
December 2012	10.20%	11.66%	\$ 81,389
January 2013	9.80%	11.54%	\$ 98,142
February 2013	9.80%	11.64%	\$102,809
March 2013	9.80%	12.28%	\$138,218
April 2013	9.80%	12.10%	\$126,369
May 2013	9.80%	10.95%	\$ 63,477
June 2013	9.80%	10.57%	\$ 42,981
July 2013	9.80%	9.77%	(\$ 1,699)
August 2013	9.80%	9.74%	(\$ 3,433)
September 2013	9.80%	10.32%	\$ 29,238
October 2013	9.80%	10.24%	\$ 25,211
November 2013	9.80%	10.50%	\$ 40,096
December 2013	9.80%	10.34%	\$ 31,186
January 2014	9.80%	10.43%	\$ 36,540
February 2014	9.80%	10.62%	\$ 47,035
March 2014	9.80%	10.45%	\$ 37,159
April 2014	9.80%	11.28%	\$ 79,852
May 2014	9.80%	11.87%	\$114,262
June 2014	9.80%	11.89%	\$116,191
September 2014	9.80%	11.43%	\$ 93,181

6 As can be seen from the above table, Ameren Missouri has reported
 7 significant revenues above its authorized return from August 2012 through
 8 September 2014. I have also attached Schedule GRM-2 which highlights the
 9 components that derive the actual return. This schedule is identical in format to the

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1 information provided publicly by Ameren Missouri witness Gary S. Weiss in Ameren
2 Missouri's last rate case, Case No. ER-2012-0166.

3 **Q IN TABLE 2, THERE IS A BREAK IN THE MONTHS FROM JUNE 2014 THROUGH**
4 **SEPTEMBER 2014. CAN YOU PLEASE EXPLAIN WHY?**

5 A Yes. In Case No. ER-2012-0166, Ameren Missouri's witness Gary S. Weiss provided
6 in his direct testimony a table that listed Ameren Missouri's achieved return on equity
7 for 12-month periods. This analysis began in June 2007 and continued through
8 November 2011.

9 As part of this rate case, I submitted discovery that requested those same
10 calculations through the most current month available. The Company provided
11 monthly calculations through May 2014 in its response to the discovery.

12 **Q DID AMEREN MISSOURI PROVIDE ANY JUSTIFICATION WHY IT DID NOT**
13 **PROVIDE THE CALCULATIONS BEYOND MAY 2014?**

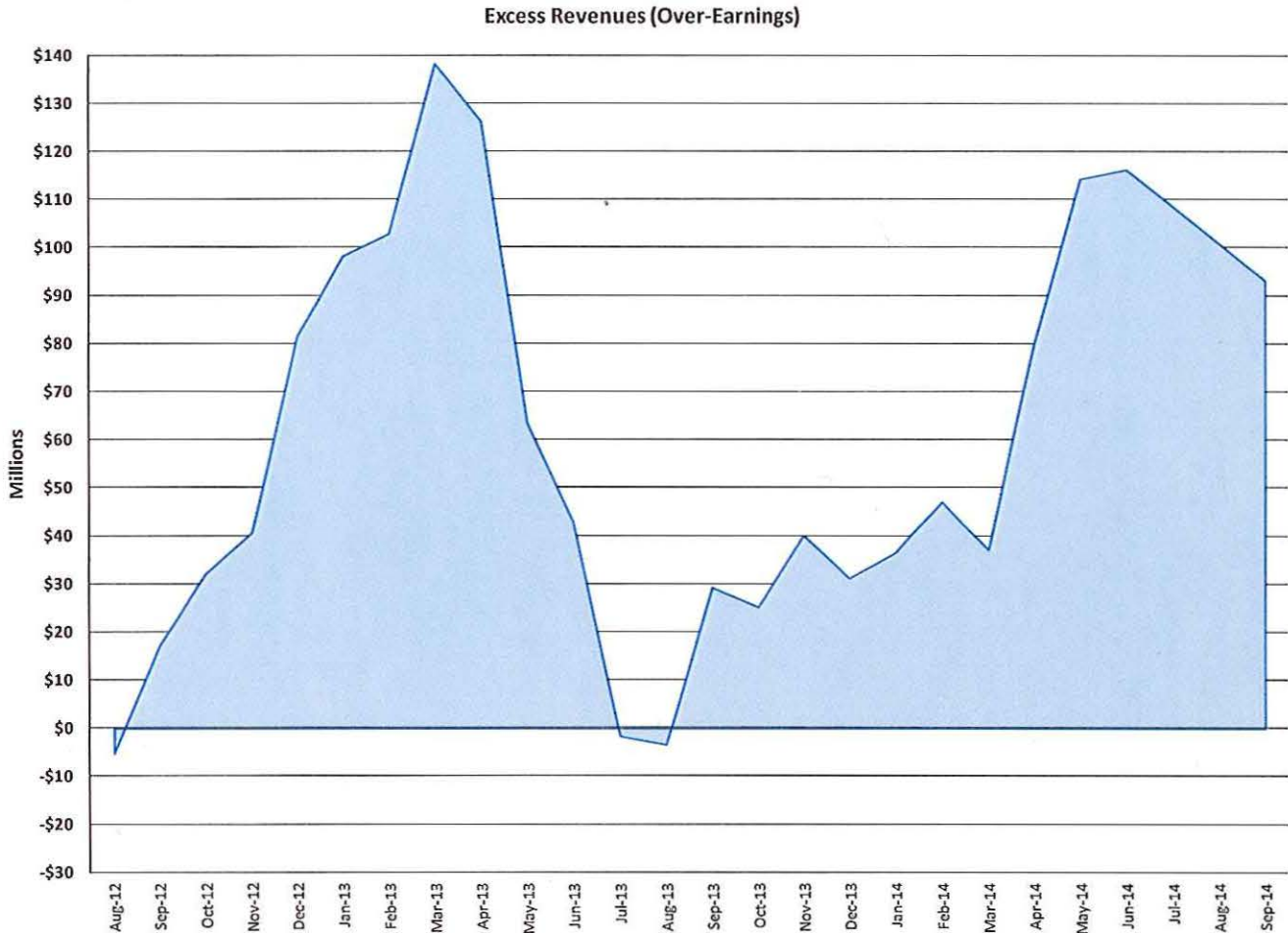
14 A Yes. Ameren Missouri stated there was no regulatory requirements or business
15 reason to continue those calculations and it decided to discontinue the calculation.

16 **Q I SEE THOUGH THAT YOU HAVE CALCULATIONS FOR JUNE 2014 AND**
17 **SEPTEMBER 2014. WHY IS THAT?**

18 A As part of the agreement for Ameren Missouri to have an FAC, it must provide
19 quarterly surveillance reports. The June and September 2014 calculations are the
20 results of the surveillance report filings in compliance with the FAC.

1 Q HAVE YOU PREPARED A GRAPH THAT ILLUSTRATES THE LEVEL OF
2 AMEREN MISSOURI'S OVER-EARNINGS?

3 A Yes.



4 The above graph displays the excess revenues from Table 2. As this graph shows,
5 Ameren Missouri's excess revenues during this period were very significant, over
6 \$100 million during five 12-month periods. In only three 12-month periods did the
7 Company earn less than its authorized return on equity: the periods ended
8 August 2012, July 2013 and August 2013. During those periods, Ameren Missouri
9 earned below its authorized return on equity by only 9, 3 and 6 hundredths of a
10 percent, respectively.

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1 **Solar Rebates**

2 Q PLEASE EXPLAIN THIS ITEM.

3 A In Case No. ET-2014-0085, Ameren Missouri was allowed to defer the cost of solar
4 rebates provided to customers who installed solar panels on their facilities and
5 homes. The Company was also allowed to accrue and defer an additional 10% for
6 carrying charges above the cost of solar panels. The 10% adder was agreed to by
7 the parties as part of the Stipulation and Agreement in Case No. ET-2014-0085.

8 Q HOW MUCH HAS AMEREN MISSOURI SPENT ON SOLAR REBATES?

9 A Through October 2014, Ameren Missouri had spent \$87.4 million on solar rebates.
10 However, this total must be increased by an adder of 10%, bringing the total amount
11 to \$96.1 million.

12 Q WHAT LEVEL OF SOLAR REBATE EXPENSES HAS AMEREN MISSOURI
13 INCLUDED IN ITS PROPOSED COST OF SERVICE?

14 A Ameren Missouri is proposing to include \$33.7 million in cost of service for the
15 payment of solar rebate costs. The \$33.7 million is one-third of Ameren Missouri's
16 projected costs of \$101.1 million. This is \$5.0 million more than Ameren Missouri has
17 spent through October 2014.

18 Q DO YOU AGREE WITH AMEREN MISSOURI'S PROPOSED ADJUSTMENT OF
19 \$33.7 MILLION FOR SOAR REBATE COSTS?

20 A No. I am proposing that Ameren Missouri not collect any additional revenues to
21 recover any of the solar rebate expenses deferred since August 1, 2012. The reason

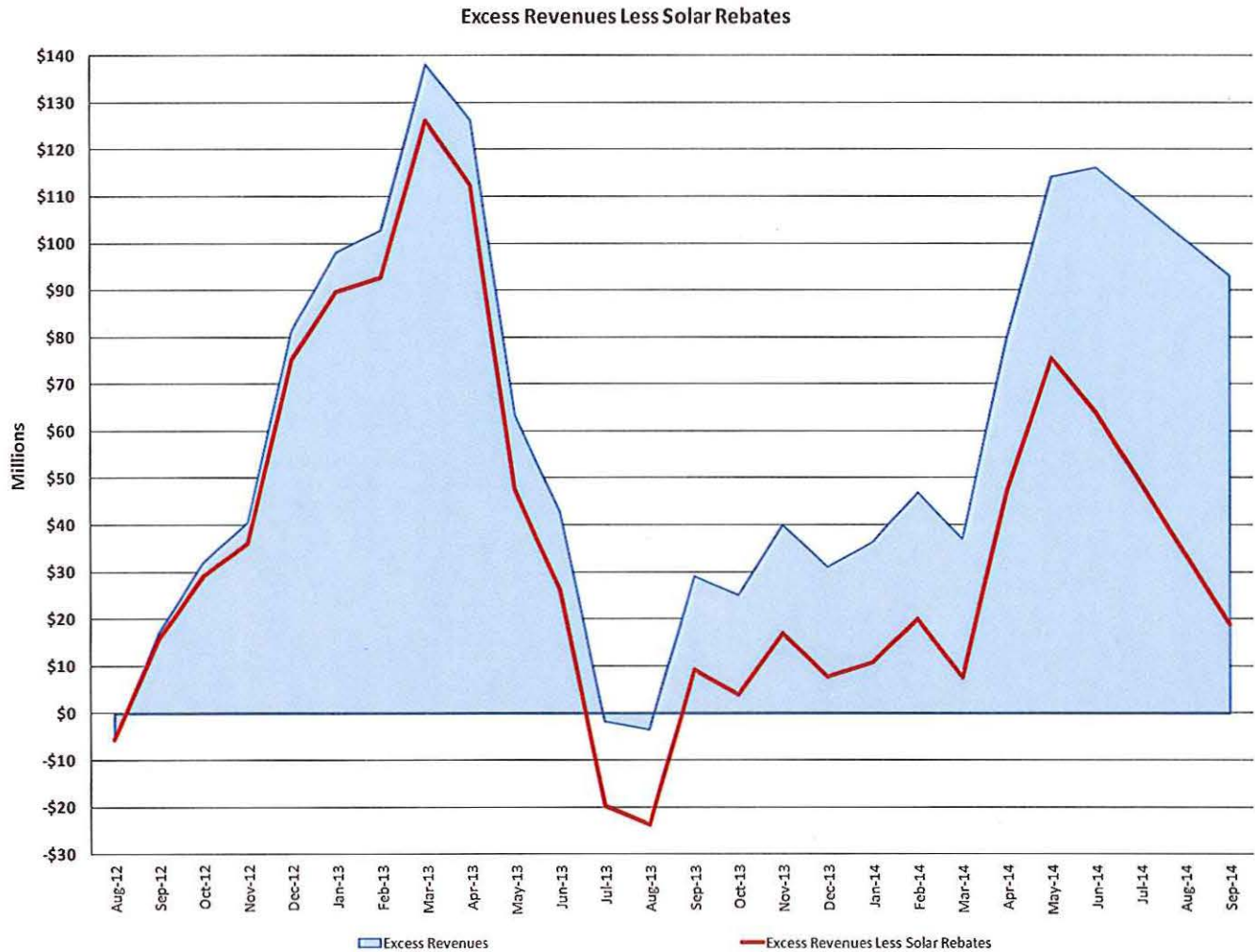
1 is that the earnings from retail rates covered the entire amount of solar rebate
2 expenses during the period when those rebate costs were incurred.

3 **Q WHAT IS THE PREMISE FOR YOUR CONCLUSION THAT RETAIL RATES WERE**
4 **SUFFICIENT FOR AMEREN MISSOURI TO RECOVER THE SOLAR REBATE**
5 **EXPENSES WHEN THEY WERE INCURRED?**

6 **A** As I have discussed previously in the Ameren Missouri earnings section of my
7 testimony, Ameren Missouri has consistently² earned above its authorized rate of
8 return since the true-up cutoff period in its last rate case.

9 I have prepared a graph which shows Ameren Missouri's excess revenues
10 compared to the annual expenses it incurred for solar rebates.

²Ameren Missouri has reported earnings above its authorized rate of return for every 12-month period, except those ended August 2012, and July and August 2013.



1 I have also attached Schedule GRM-3 which shows the inputs for the graph.
 2 Schedule GRM-3 compares the annual costs of solar rebates to the excess revenues
 3 associated with 12-month actual reported earnings of Ameren Missouri.

4 **Q PLEASE DESCRIBE THE GRAPH.**

5 **A** Consistent with Schedule GRM-3, the graph compares the reported excess revenues
 6 of Ameren Missouri to the annual accumulation of solar rebate costs. For example, in
 7 the 12-months ended September 2013, Ameren Missouri recorded earnings above its
 8 authorized return equal to \$29.2 million in revenues. The annual solar rebate

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1 expenses for that 12 months totaled \$20.0 million, resulting in Ameren Missouri still
2 enjoying \$9.2 million of excess revenues above its authorized rate of return (9.8%).

3 This graph reveals that during the time Ameren Missouri was deferring
4 recognition of solar rebate expenses, its earnings were more than sufficient to
5 recover those expenses had they not been deferred and still allow it to record
6 earnings above authorized levels.

7 **Q PLEASE SUMMARIZE WHY YOU ARE OPPOSED TO AMEREN MISSOURI'S**
8 **SOLAR REBATE ADJUSTMENT.**

9 **A** I have discussed in the prior section of my testimony that Ameren Missouri has
10 earned above its authorized rate of return on equity almost for the entire period of
11 time since August 2012. I have shown in the above graph and Schedule GRM-3, that
12 Ameren Missouri already recovered those solar rebate costs through revenues from
13 retail rates and still earned above its authorized rate of return on equity.

14 I believe it is bad regulatory policy and unfair to consumers to allow a utility to
15 defer certain costs and collect those costs in a future ratemaking proceeding if the
16 evidence shows that the utility has earned above its authorized rate of return on
17 equity during the period of the expense deferral. Simply stated, it is not fair to allow a
18 utility to earn excessive profits while deferring expenses when those expenses could
19 be recorded when paid and still allow a utility to earn at or above its authorized rate of
20 return. By proposing the collection of 100% of solar rebate expenses in future rates,
21 Ameren Missouri is seeking to double recover the cost of solar rebates from its
22 customers.

23 Due to the actual circumstances regarding Ameren Missouri's earnings, I am
24 opposed to the recovery of solar rebate costs in this rate case. Ameren Missouri's

1 retail customers have already provided for the recovery of these expenses through
2 their current rates.

3 **Lost Fixed Cost Accounting Authority Order (“AAO”)**

4 **Q DID AMEREN MISSOURI INCLUDE RECOVERY OF THE AAO FOR WHAT HAS**
5 **BEEN DESCRIBED AS “LOST FIXED COSTS”?**

6 A Yes. Ameren Missouri has proposed to recover the alleged “lost fixed costs” of
7 \$35.6 million over five years, or an annual amortization of \$7.1 million. Ameren
8 Missouri’s request is premised on the Commission Report and Order in Case No.
9 EU-2012-0027 which allowed Ameren Missouri to defer those costs for subsequent
10 consideration of rate recovery.

11 **Q DO YOU AGREE WITH AMEREN MISSOURI’S CHARACTERIZATION OF THESE**
12 **AMOUNTS AS “LOST FIXED COSTS”?**

13 A No. They are really just ungenerated revenues or unrealized profits.

14 **Q DO YOU AGREE WITH AMEREN MISSOURI’S REQUEST?**

15 A No. I am opposed to any recovery in this case.

16 **Q PLEASE EXPLAIN WHY YOU ARE OPPOSED TO RECOVERY.**

17 A There are several reasons why recovery should be denied. First, Ameren Missouri
18 has provided no testimony regarding the proper recovery of these amounts except to
19 mention that these costs were allowed deferral treatment by the Commission in Case
20 No. EU-2012-0027. I can only assume that since Ameren Missouri was given the
21 authority to defer these costs, the Company thought it was implied that recovery was

1 certain. Ameren Missouri witness Laura Moore dedicated only four lines of testimony
2 to this issue. There is absolutely no justification for the requested recovery except
3 the Commission ruling allowing an AAO in Case No. EU-2012-0027.

4 Second, the recovery of alleged lost fixed costs should be rejected by the
5 Commission as these amounts were already included in the determination of Ameren
6 Missouri's cost of service in a past Ameren Missouri rate case. To attempt to collect
7 them again merely because the utility did not collect them in a prior period is bad
8 regulatory policy and may be unlawful.

9 Third, Ameren Missouri is not attempting to collect "lost fixed costs," but is
10 attempting to recover unrealized profits by collecting ungenerated revenues. The
11 record is clear that Ameren Missouri has historically collected revenues sufficient to
12 cover all of its costs. Dating back to June 2007³ through September 2014, Ameren
13 Missouri has reported positive earnings. If Ameren Missouri did not recover all of its
14 costs, it could not have reported positive earnings. Disguising unrealized profits and
15 ungenerated revenues as "lost fixed costs" only enhances Ameren Missouri's future
16 profits if this scheme is allowed. The recovery of a specific level of profit is not
17 supposed to be guaranteed by the regulatory process, yet recovery of this
18 ungenerated revenue does just that.

19 Therefore, for all of the above reasons, I am opposed to Ameren Missouri's
20 recovery of these amounts.

³The direct testimony of Gary S. Weiss in Case No. ER-2012-0166 provides monthly earnings calculations through November 2011.

1 **Vegetation Management**

2 Q WHAT LEVEL OF EXPENSE IS AMEREN MISSOURI PROPOSING FOR
3 VEGETATION MANAGEMENT?

4 A Ameren Missouri is proposing a level of \$55.4 million for vegetation management
5 expenses.

6 Q WHAT ANNUAL LEVEL OF VEGETATION MANAGEMENT EXPENSE DID THE
7 COMMISSION ALLOW IN AMEREN MISSOURI'S LAST RATE CASE (CASE
8 NO. ER-2012-0166)?

9 A In Case No. ER-2012-0166, the Commission allowed \$54.1 million for vegetation
10 management costs.

11 Q PLEASE DESCRIBE THE INCREASE FROM \$54.1 MILLION TO \$55.4 MILLION
12 THAT AMEREN MISSOURI IS NOW PROPOSING.

13 A The increase of \$1.3 million is the difference between the \$55.4 million forecasted
14 amount to be spent on vegetation management costs for the 12 months ending
15 December 31, 2014 and the current amount included in customer rates of \$54.1
16 million.

1 Q DO YOU AGREE WITH THE \$55.4 MILLION LEVEL PROPOSED BY AMEREN
2 MISSOURI FOR VEGETATION MANAGEMENT EXPENSE?

3 A No. The annual level of expense requested by Ameren Missouri (\$55.4 million) is
4 higher than any calendar year amount incurred by the Company to date. I have
5 included Table 3 that depicts the annual levels of vegetation management costs
6 incurred by Ameren Missouri for calendar years 2008 - 2013.

<u>Year</u>	<u>Amount</u> <u>(\$/Millions)</u>
2008	\$49.2
2009	\$50.9
2010	\$50.4
2011	\$52.9
2012	\$52.3
2013	\$55.2
Ameren Missouri Proposed	\$55.4

7 As one can see from the above table, the level proposed by Ameren Missouri
8 is slightly higher than the calendar year 2013 level. However, the 2013 level is higher
9 than any previous year.

10 Q WHAT DO YOU PROPOSE FOR THE ANNUAL LEVEL OF VEGETATION
11 MANAGEMENT EXPENSES?

12 A I propose a level of annual expense of \$52.5 million for vegetation management
13 expenses. This level is slightly higher than the five calendar year average costs from
14 2009 - 2013.

1 Q ARE VEGETATION MANAGEMENT EXPENSES CURRENTLY BEING TRACKED?

2 A Yes. In Ameren Missouri's last rate case, the Commission allowed the continuation of
3 the vegetation management tracker.

4 Q THROUGH WHAT DATE WILL TRACKED VEGETATION MANAGEMENT
5 EXPENSES BE INCLUDED IN THE CURRENT CASE?

6 A The vegetation management expenses tracked through the true-up date,
7 December 31, 2014, will be considered in the determination of revenue requirement
8 in this case. The actual level of vegetation management expenses incurred through
9 the true-up period will be compared to the annualized level allowed in Ameren
10 Missouri's last rate case to calculate the accumulation in the current tracker.

11 Q WHEN WAS THE START OF THE PERIOD FOR THE CURRENT VEGETATION
12 MANAGEMENT TRACKER?

13 A The start of the current vegetation management tracker was August 2012, which was
14 the month subsequent to the true-up period in Ameren Missouri's last rate case.

15 Q WHAT ARE THE RESULTS OF THE TRACKER THROUGH THE MOST CURRENT
16 INFORMATION AVAILABLE?

17 A The most current information I have available is for actual expenses through
18 October 2014. Based on that information, Ameren Missouri has spent and
19 accumulated in the vegetation management tracker \$3.1 million more than the
20 amount included in customers' rates. I have included Table 4, which shows the
21 results of the tracker over time.

<u>Period</u>	<u>Actual Vegetation Management Expense (000)</u>	<u>Vegetation Management Expense In Rates (000)</u>	<u>Difference (000)</u>
Aug 2012 - Dec 2012	\$ 21,028	\$ 21,750	(\$ 722)
Calendar Year 2013	\$ 55,177	\$ 54,100	\$1,077
Jan 2014 - Oct 2014	<u>\$ 47,780</u>	<u>\$ 45,083</u>	<u>\$2,697</u>
Total	\$123,985	\$120,933	\$3,052

1 As the above table reveals, from August 2012 through October 2014, Ameren
2 Missouri spent approximately \$3.1 million more than the amount included in customer
3 rates.

4 **Q WHAT IS THE COMPANY'S PROPOSAL WITH REGARD TO THIS TRACKED**
5 **AMOUNT?**

6 **A**The Company is proposing a three-year amortization of any over- or under-collections
7 of actual vegetation management expenses compared to the level included in rates.

8 **Q DO YOU AGREE WITH THE COMPANY'S PROPOSAL?**

9 **A**No. I believe no ratemaking recognition should be given to the \$3.1 million of
10 expenses above the levels included in customer rates. As I have discussed
11 previously, Ameren Missouri has continuously over-earned during the period of
12 August 2012 through September 2014.⁴ August 2012 was the beginning of the
13 current deferral period for vegetation management.

⁴Ameren Missouri's earnings for the 12-month period ended August 2012, July 2013 and August 2013 were **slightly below (9, 3 and 6 basis points, respectively)** the authorized return.

1 Q YOU DO NOT HAVE EARNINGS DATA FOR JULY OR AUGUST OF 2014, YET
2 YOU DISALLOWED THE TRACKER DEFERRALS FOR THOSE MONTHS.
3 PLEASE EXPLAIN WHY.

4 A The overearnings at June 30, 2014 were so significant (\$116 million on an annual
5 basis) that those over-earnings were more than sufficient to recover the \$1.3 million⁵
6 of July and August 2014 actual expenses for vegetation management costs above
7 the level included in customers' rates. Furthermore, the over-earnings contained in
8 the September 30, 2014 surveillance report 93.2 million) are more than sufficient to
9 cover this shortfall.

10 In addition as I have discussed previously, I have requested additional
11 monthly earnings reports, but that request has been denied.

12 Q WHAT WILL YOU PROPOSE FOR THE VEGETATION MANAGEMENT TRACKER
13 FOR THE REMAINING MONTHS OF THE TRUE-UP PERIOD
14 (NOVEMBER - DECEMBER 2014)?

15 A I will monitor the actual level of vegetation management expense incurred through the
16 remaining months of the true-up period compared to the annualized level allowed in
17 Ameren Missouri's last rate case. Once the actual expenses are known and
18 measurable, I may propose an adjustment to the current tracker for that period.

19 Q WHAT IS THE VALUE OF THE ADJUSTMENTS YOU ARE PROPOSING?

20 A The value of the vegetation management issue is approximately \$3.4 million. This
21 issue consists of a reduction in annual expense of \$2.8 million and the disallowance

⁵Actual vegetation management costs for July and August 2014 - \$10.3 million less the amount included in customer rates of \$9.0 million (\$10.3 - \$9 = \$1.3).

1 of the three-year amortization of the regulatory asset balance of \$0.6 million included
2 in Ameren Missouri's cost of service.

3 **Q IS AMEREN MISSOURI REQUESTING A CONTINUATION OF THE VEGETATION**
4 **MANAGEMENT EXPENSE TRACKER IN THE CURRENT RATE CASE?**

5 **A** Yes.

6 **Q DO YOU SUPPORT THE CONTINUED USE OF THIS TRACKER?**

7 **A** No. The Commission initially established the tracker because of a lack of historical
8 cost experience for Ameren Missouri to comply with the Commission's vegetation
9 management rule enacted in July 2008. The vegetation management rules required
10 that rural circuits be trimmed every six years and that urban circuits be trimmed every
11 four years. Ameren Missouri began compliance with the vegetation management rule
12 in January 2008, ahead of the rule implementation in July 2008. At the end of the
13 true-up period in this case, Ameren Missouri will have achieved a complete cycle trim
14 of all of its circuits. The annual expense, under the 2008 vegetation management
15 rule, has exhibited little volatility as shown in Table 4. Sufficient cost data now exists
16 for this portion of Ameren Missouri's operations such that the need for a tracker no
17 longer exists.

18 In this case, Ameren Missouri is proposing a level of operations and
19 maintenance expense of \$1.9 billion. The level of vegetation management expenses
20 I am proposing (\$52.5 million) is 2.8% of Ameren Missouri's total operation and
21 maintenance expenses. The variation or change in vegetation management expense
22 captured by the tracker is even smaller compared to total operating and maintenance
23 expenses. Quite simply, the magnitude of change in expenses for vegetation

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1 management costs do not warrant the continued use of this tracker. Therefore, I
2 recommend that the Commission end Ameren Missouri's vegetation management
3 tracker at the end of the December 31, 2014 true-up cut-off period.

4 **Amortizations**

5 Q WHAT LEVEL OF AMORTIZATION EXPENSE WAS RECORDED BY AMEREN
6 MISSOURI DURING THE TEST YEAR (MARCH 31, 2014)?

7 A Ameren Missouri recorded approximately \$33.8 million of amortization expense
8 during the test year.

9 Q WHAT LEVEL OF ANNUALIZED AMORTIZATION EXPENSE DOES AMEREN
10 MISSOURI PROPOSE FOR THIS CASE?

11 A Ameren Missouri proposes an annualized level of \$64.9 million for amortization
12 expense.

13 Q DO YOU AGREE WITH THE ANNUALIZED LEVEL OF AMORTIZATION EXPENSE
14 PROPOSED BY AMEREN MISSOURI?

15 A No. I have several adjustments which will significantly reduce the level of annualized
16 amortization expense.

17 Q PLEASE DESCRIBE THE ADJUSTMENTS YOU ARE PROPOSING.

18 A I will group the adjustments that I am proposing to Ameren Missouri's annualized
19 amortization expense. First, I have amortization adjustments which I have discussed
20 separately in this testimony. Second, I have adjustments to amortizations which
21 expire approximately one month after the operation of law date in this case. Third, I

1 have adjustments to amortizations which expire before rates will be effective in
2 Ameren Missouri's next rate case and I propose to rebase those amortizations.
3 Finally, I have adjustments for amortizations that should be disallowed due to Ameren
4 Missouri's past over-earnings.

5 **Q PLEASE DESCRIBE THE AMORTIZATIONS WHICH YOU HAVE ADDRESSED IN**
6 **OTHER SECTIONS OF YOUR TESTIMONY.**

7 **A** There are four amortizations which I am either proposing to disallow in their entirety
8 or adjust that are discussed in other sections of my testimony. First, I have previously
9 discussed why solar rebates should not be allowed for further recovery. Therefore, I
10 am recommending that Ameren Missouri's proposed \$33.7 million of solar rebates
11 amortization be disallowed.

12 Second, I have previously discussed why it is inappropriate to grant Ameren
13 Missouri the recovery of ungenerated revenues/unrealized profits disguised as "lost
14 fixed costs." Thus, I am recommending that Ameren Missouri's proposed \$7.1 million
15 amortization be disallowed.

16 Third, I have discussed the issues of vegetation management and
17 infrastructure inspections. In regard to vegetation management, I have discovered
18 that Ameren Missouri has spent more on vegetation management than has been
19 authorized in customer rates. However, due to Ameren Missouri consistently earning
20 millions in excess of its authorized rate of return, I am recommending that the
21 vegetation management amortization be disallowed.

22 Finally, I have discussed that Ameren Missouri has collected more in
23 customer rates than has actually been expensed for costs regarding major storms. I
24 have merely updated this amortization to reflect more current information.

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1 Q PLEASE DESCRIBE THE AMORTIZATIONS WHICH EXPIRE CLOSE TO THE
2 OPERATION OF LAW DATE IN THIS RATE CASE (MAY 2015).

3 A Ameren Missouri has identified two amortizations which expire in June 2015. Those
4 amortizations are listed in Table 5:

<u>Account No.</u>	<u>Description</u>	<u>Annual Amortization</u>
407-358	2009 Storm	\$ 800,004
407-307	Equity Issuance Costs	\$2,651,220

5 Ameren Missouri seeks to include a full year of amortization expense in this rate case
6 when these amortizations will expire approximately one month from new rates
7 becoming effective in this case.

8 I am proposing to disallow these amortizations because Ameren Missouri has
9 other amortizations which expired in December 2014 and will continue to be
10 recovered in Ameren Missouri rates until new rates are established in May 2015. I
11 have listed in Table 6 those amortizations which expired in December 2014.

<u>Account No.</u>	<u>Description</u>	<u>Annual Amortization</u>
407-346	2006 Storm	\$ 106,946
407-348	2007 Storm	\$ 2,865,331
407-351	2008 Storm	\$ 566,650
407-306	VSE, ISP Severance Pay	\$ 587,499
407-4PT	Property Tax Refund	(\$1,450,188)
407-354	RSG Adjustment	\$ 272,678

12 Since these amortizations expired in December 2014, customer rates will
13 over-recover these amounts for at least four months before new rates are effective in

1 this case. The recovery of these amortizations prior to the effective date of rates will
2 exceed the amount Ameren Missouri still has to recover for the two amortizations that
3 expire after new rates are effective. Ameren Missouri will not experience one
4 unrecovered dollar when these amortizations are considered in totality and, in fact,
5 will over-recover.

6 **Q PLEASE DESCRIBE THE AMORTIZATIONS THAT YOU PROPOSE TO REBASE.**

7 **A** Ameren Missouri has identified three amortizations which expire before new rates will
8 likely be effective in Ameren Missouri's next rate case. These amortizations are listed
9 in Table 7:

TABLE 7			
<u>Amortizations Which Will Expire Before Ameren Missouri's Next Rate Case</u>			
<u>Account No.</u>	<u>Description</u>	<u>Annual Amortization</u>	<u>Amortization Expiration Date</u>
407-356	Veg. & Insp. Reg. Asset	\$ 537,123	December 2015
407-410	Veg. & Insp. Reg. Asset	(\$ 264,495)	December 2015
407-305	Energy Efficiency 12/09	\$1,905,084	June 2016

10 I am proposing to rebase these amortizations such that the unamortized balance at
11 May 2015 (effective date of new rates) is amortized over a two-year period. This
12 adjustment is necessary to closely match the amortization period to the customer
13 rate-effective period.

1 Q PLEASE DESCRIBE THE TWO AMORTIZATIONS THAT YOU PROPOSE TO
2 DISALLOW BASED ON AMEREN MISSOURI EARNING IN EXCESS OF ITS
3 AUTHORIZED RATE OF RETURN.

4 A Ameren Missouri is proposing to amortize Energy Efficiency costs (\$3,549,719)
5 accumulated through December 2014 and the Fukushima Study costs (\$938,532)
6 over six and ten years, respectively. I am proposing to disallow these costs due to
7 the reported over-earnings of Ameren Missouri during 2014. As has been stated
8 previously, I do not believe it is a good regulatory policy to allow a utility to defer and
9 recover expenses in a future period if that utility has reported earnings in excess of its
10 authorized return during the expense deferral period and would have over-earned
11 anyway if the expenses had not been deferred.

12 Q ON SEVERAL OCCASIONS YOU HAVE USED AMEREN MISSOURI'S
13 OVER-EARNINGS AS A BASIS TO DISALLOW PREVIOUSLY INCURRED
14 COSTS. HAVE YOU PERFORMED AN ANALYSIS TO DETERMINE THAT
15 AMEREN MISSOURI'S HISTORICAL EARNINGS CAN COVER THESE
16 EXPENSES?

17 A Yes. I have prepared a series of graphs similar to the one I have included earlier in
18 my testimony. These graphs show that Ameren Missouri's reported over-earnings
19 can absorb these deferred costs and still result in over-earnings. Schedule GRM-4 is
20 a series of five graphs.

21 Q PLEASE EXPLAIN THE SERIES OF GRAPHS YOU HAVE PRESENTED.

22 A The graphs are designed to cumulatively demonstrate the different issues I have
23 presented in this testimony. Schedule GRM-4, page 1, presents the excess revenues

1 Ameren Missouri has reported during the period of August 2012 - September 2014.
2 This graph is identical to the one I have included on page 10 of my direct testimony.
3 Schedule GRM-4, page 2, graphically depicts the effect on Ameren Missouri's excess
4 revenues after deducting (reversing the deferral) for the payment of deferred solar
5 rebates. This graph is identical to the graph I have included on page 13 of my direct
6 testimony. Schedule GRM-4, page 3, takes the results of Ameren Missouri's excess
7 revenues after solar rebates have been deducted and reflects the impacts on Ameren
8 Missouri's excess revenues of the cost of deferred vegetation management
9 expenses. Schedule GRM-3, page 4, begins with Ameren Missouri's excess
10 revenues reflecting reductions for solar rebates and vegetation management
11 expenses and deducts the costs for energy efficiency and the Fukushima Study.
12 Finally, Schedule GRM-4, page 5, shows the Ameren Missouri excess revenues
13 which remain after deducting all of the above cost categories. Schedule GRM-4
14 demonstrates that Ameren Missouri will still have excess revenues after deducting all
15 of the costs.

16 This series of graphs reveals that Ameren Missouri's reported earnings were
17 sufficient to recover the deferred costs which Ameren Missouri seeks to recover in
18 future rates from its customers, and still earned in excess of its authorized return on
19 equity.

20 **Infrastructure Inspections**

21 Q WHAT LEVEL OF EXPENSE IS AMEREN MISSOURI PROPOSING FOR
22 INFRASTRUCTURE INSPECTIONS?

23 A Ameren Missouri is proposing a level of \$5.8 million for infrastructure inspections.

1 Q DO YOU AGREE WITH THE PROPOSED LEVEL OF EXPENSE?

2 A Yes.

3 Q ARE INFRASTRUCTURE INSPECTION EXPENSES CURRENTLY BEING
4 TRACKED?

5 A Yes. In Ameren Missouri's last rate case, the Commission allowed the continuation of
6 the infrastructure inspection tracker.

7 Q THROUGH WHAT DATE WILL TRACKED INFRASTRUCTURE INSPECTION
8 EXPENSES BE INCLUDED IN THE CURRENT CASE?

9 A The infrastructure inspection expenses tracked through the true-up date,
10 December 31, 2014, will be considered in the determination of revenue requirement
11 in this case. The actual level of infrastructure inspection expenses incurred through
12 the true-up period will be compared to the annualized level allowed in Ameren
13 Missouri's last rate case to calculate the impact on the current tracker.

14 Q WHEN WAS THE START OF THE PERIOD FOR THE CURRENT
15 INFRASTRUCTURE INSPECTION TRACKER?

16 A The start of deferrals for the current infrastructure inspection tracker was August
17 2012, which was the month subsequent to the true-up period in Ameren Missouri's
18 last rate case.

1 Q WHAT ARE THE RESULTS OF THE TRACKER THROUGH THE MOST CURRENT
2 INFORMATION AVAILABLE?

3 A The most current information I have available is for actual expenses through
4 October 2014. Based on that information, Ameren Missouri has spent less than what
5 has been included in customers' rates. I have included Table 8 that shows the results
6 of the tracker over time.

<u>Period</u>	<u>Actual Infrastructure Inspection Expense (000)</u>	<u>Infrastructure Inspection Expense In Rates (000)</u>	<u>Difference (000)</u>
Aug 2012 - Dec 2012	\$ 2,387	\$ 3,208	(\$ 821)
Calendar Year 2013	\$ 5,903	\$ 6,200	(\$ 297)
Jan 2014 - Oct 2014	<u>\$ 4,834</u>	<u>\$ 5,167</u>	<u>(\$ 333)</u>
Total	\$13,124	\$14,575	(\$1,451)

7 As the above table reveals, from August 2012 through October 2014, Ameren
8 Missouri spent \$1.5 million less than what was included in customers' rates.

9 Q WHAT IS THE COMPANY'S PROPOSAL WITH RESPECT TO THE TRACKED
10 AMOUNT?

11 A The Company is proposing a three-year amortization of any over- or under-collections
12 from actual infrastructure inspection expenses.

13 Q DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

14 A Yes, I do. Therefore, I agree that Ameren Missouri's cost of service should be
15 reduced by \$500,000 to reflect a three-year amortization of these over-collections
16 through October 31, 2014. I will monitor the actual level of infrastructure inspection

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1 expenses incurred through the remaining months of the true-up period compared to
2 the annualized level allowed in Ameren Missouri's last rate case. Once the actual
3 expenses are known and measurable, I will propose an adjustment to the current
4 tracker amount I have described above.

5 **Q IS AMEREN MISSOURI REQUESTING A CONTINUATION OF THE**
6 **INFRASTRUCTURE INSPECTION EXPENSE TRACKER IN THE CURRENT RATE**
7 **CASE?**

8 **A** Yes.

9 **Q DO YOU SUPPORT THE CONTINUED USE OF THIS TRACKER?**

10 **A** No. The Commission initially established the tracker because of a lack of historical
11 cost data for Ameren Missouri to comply with the Commission's infrastructure
12 inspection rule enacted in July 2008. Ameren Missouri began compliance with the
13 infrastructure inspection rule in January 2008, ahead of the rule's implementation in
14 July 2008.

15 The annual level of infrastructure expense is not significant when compared to
16 Missouri's total operation and maintenance expenses (0.3%). In addition, the change
17 in the level of expense captured by the tracker is even smaller. I submit that there is
18 sufficient cost data from 2008 to date, and that cost data is not of a significant
19 magnitude to justify the continuation of the tracker. Therefore, I recommend that the
20 Commission end Ameren Missouri's infrastructure inspection tracker at the end of the
21 December 31, 2014 true-up cut-off period.

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1 **Major Storms**

2 Q WHAT LEVEL OF MAJOR STORM EXPENSE HAS AMEREN MISSOURI
3 INCLUDED IN ITS COST OF SERVICE?

4 A Ameren Missouri is requesting \$7.9 million for recovery of major storm expense. The
5 Commission authorized \$6.8 million in Ameren Missouri's last rate case.

6 Q WHAT LEVEL OF MAJOR STORM EXPENSE DID AMEREN MISSOURI INCUR IN
7 THE TEST YEAR

8 A Ameren Missouri incurred \$5.4 million of expense for major storms during the test
9 year.

10 Q WHAT LEVEL OF MAJOR STORM EXPENSE DO YOU PROPOSE FOR THIS
11 RATE CASE?

12 A I recommend that major storm expenses of \$5.8 million be included in Ameren
13 Missouri's cost of service.

14 Q WHAT HAS BEEN THE HISTORIC LEVEL OF STORM EXPENSES?

15 A I have prepared Table 9 which lists the expenses from major storms for calendar
16 years 2008 - 2013.

TABLE 9	
<u>Historic Major Storm Expenses</u>	
<u>Year</u>	<u>Amount</u> (000)
2008	\$ 4,767
2009	\$ 9,094
2010	\$ 0
2011	\$14,137
2012	\$ 1,059
2013	\$ 5,524

1 Based on the above table, I believe an allowance of \$5.8 million for major
2 storm expenses is a reasonable level. This level is approximately equal to the
3 average of the annual amounts for the last six years, and more than the amount
4 incurred in 2013. Therefore, I propose that Ameren Missouri's cost of service be
5 reduced by \$2.1 million to reflect the decrease in major storm expenses from \$7.9
6 million (included in Company's cost of service) to \$5.8 million (MIEC's proposal).

7 **Q ARE MAJOR STORM COSTS CURRENTLY BEING TRACKED?**

8 **A**Yes. In Ameren Missouri's last rate case, the Commission allowed Ameren Missouri
9 to begin tracking these costs.

10 **Q WHAT ARE THE RESULTS OF THE CURRENT MAJOR STORM TRACKER?**

11 **A**Through September 30, 2014, actual major storm expenses incurred were \$4.8
12 million less than the amount included in customers' rates (\$6.8 million annually).
13 Therefore, I propose that the \$4.8 million be amortized over five years. The tracker
14 needs to be calculated for the remaining months of the true-up cut-off period and a
15 further adjustment may need to be proposed.

1 Q IS AMEREN MISSOURI REQUESTING THAT THE MAJOR STORM EXPENSE
2 TRACKER CONTINUE?

3 A Yes.

4 Q DO YOU AGREE THAT THE MAJOR STORM EXPENSE TRACKER SHOULD
5 CONTINUE?

6 A No. I am proposing that the major storm expense tracker be discontinued. Major
7 storm expenses do not represent a large component of Ameren Missouri's ongoing
8 expenses. The highest level of major storm expenses during any calendar year
9 (2011) was less than 1% of Ameren Missouri's operating and maintenance expenses.
10 The use of trackers should be limited as they isolate one expense without
11 consideration of other components of the cost of service.

12 Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

13 A Yes.

Qualifications of Greg R. Meyer

1 Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A A Greg R. Meyer. My business address is 16690 Swingley Ridge Road,
3 Suite 140, Chesterfield, MO 63017.

4 Q PLEASE STATE YOUR OCCUPATION.

5 A I am an Associate in the field of public utility regulation with the firm of Brubaker &
6 Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

7 Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND
8 EXPERIENCE.

9 A I graduated from the University of Missouri in 1979 with a Bachelor of Science Degree
10 in Business Administration, with a major in Accounting. Subsequent to graduation, I
11 was employed by the Missouri Public Service Commission. I was employed with the
12 Commission from July 1, 1979 until May 31, 2008.

13 I began my employment at the Missouri Public Service Commission as a
14 Junior Auditor. During my employment at the Commission, I was promoted to higher
15 auditing classifications. My final position at the Commission was an Auditor V, which I
16 held for approximately ten years.

17 As an Auditor V, I conducted audits and examinations of the accounts, books,
18 records and reports of jurisdictional utilities. I also aided in the planning of audits and
19 investigations, including staffing decisions, and in the development of staff positions in
20 which the Auditing Department was assigned. I served as Lead Auditor and/or Case

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1 Supervisor as assigned. I assisted in the technical training of other auditors, which
2 included the preparation of auditors' workpapers, oral and written testimony.

3 During my career at the Missouri Public Service Commission, I presented
4 testimony in numerous electric, gas, telephone and water and sewer rate cases. In
5 addition, I was involved in cases regarding service territory transfers. In the context of
6 those cases listed above, I presented testimony on all conventional ratemaking
7 principles related to a utility's revenue requirement. During the last three years of my
8 employment with the Commission, I was involved in developing transmission policy
9 for the Southwest Power Pool as a member of the Cost Allocation Working Group.

10 In June 2008, I joined the firm of Brubaker & Associates, Inc. as a Consultant.
11 Since joining the firm, I have presented testimony and/or testified in the state
12 jurisdictions of Florida, Idaho, Illinois, Indiana, Maryland, Missouri and Washington. I
13 have also appeared and presented testimony in Alberta and Nova Scotia, Canada.
14 These cases involved addressing conventional ratemaking principles focusing on the
15 utility's revenue requirement. The firm Brubaker & Associates, Inc. provides
16 consulting services in the field of energy procurement and public utility regulation to
17 many clients including industrial and institutional customers, some utilities and, on
18 occasion, state regulatory agencies.

19 More specifically, we provide analysis of energy procurement options based
20 on consideration of prices and reliability as related to the needs of the client; prepare
21 rate, feasibility, economic, and cost of service studies relating to energy and utility
22 services; prepare depreciation and feasibility studies relating to utility service; assist in
23 contract negotiations for utility services, and provide technical support to legislative
24 activities.

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1 In addition to our main office in St. Louis, the firm has branch offices in
2 Phoenix, Arizona and Corpus Christi, Texas.

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Ameren Missouri
Case No. ER-2014-0258

Rate Case History
Dollars in Thousands

<u>Case No.</u>	<u>Granted Base Rate Increase</u> (1)	<u>Base Rate Increase (%)</u> (2)	<u>FAC Increase</u> (3)	<u>Date of Increase</u> (4)
ER-2007-0002	\$ 42,788	2.0%		August 2007
ER-2008-0318	\$ 161,709	7.8%		March 2009
ER-2010-0044			\$ (12,649)	October 2009
ER-2010-0165			\$ 18,954	February 2010
ER-2010-0036	\$ 229,600	10.3%		June 2010
ER-2010-0264			\$ 45,303	June 2010
ER-2011-0018			\$ 71,618	October 2010
ER-2011-0153			\$ 63,176	February 2011
ER-2011-0317			\$ 24,051	June 2011
ER-2011-0028	\$ 173,225	7.0%		August 2011
ER-2012-0028			\$ (9,734)	October 2011
ER-2012-0165			\$ 34,354	February 2012
ER-2012-0319			\$ 38,370	June 2012
ER-2013-0030			\$ 27,698	October 2012
ER-2012-0166	\$ 260,200	10.1%		December 2012
ER-2013-0310			\$ 83,568	February 2013
ER-2013-0433			\$ 51,392	June 2013
ER-2014-0022			\$ 39,118	October 2013
ER-2014-0163			\$ 24,238	February 2014
ER-2014-0262			\$ 56,884	June 2014
ER-2015-0022			\$ 56,363	October 2014
Total	\$ 867,522	37.2%	\$ 612,705	

Proposed Increase Filed July 3, 2014

ER-2014-0258	\$ 264,100	9.7%
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Ameren Missouri
Case No. ER-2014-0258

Historical Results of Operations

<u>Month</u>	<u>Year</u>	<u>Mo. Electric Rate Base</u>	<u>Mo. Electric Operating Income</u>	<u>Return on Rate Base</u>	<u>Return on Equity</u>
August	2012	\$6,835,038	\$550,697	8.06%	10.11%
September		\$6,703,696	\$548,983	8.19%	10.50%
October		\$6,706,905	\$558,799	8.33%	10.77%
November		\$6,710,407	\$564,317	8.41%	10.92%
December	2013	\$6,617,729	\$582,144	8.80%	11.66%
January		\$6,682,885	\$583,556	8.73%	11.54%
February		\$6,689,657	\$585,653	8.75%	11.64%
March		\$6,659,799	\$605,381	9.09%	12.28%
April		\$6,650,522	\$595,464	8.95%	12.10%
May		\$6,670,872	\$558,862	8.38%	10.95%
June		\$6,676,536	\$547,843	8.21%	10.57%
July		\$6,694,001	\$522,934	7.81%	9.77%
August		\$6,688,437	\$523,338	7.82%	9.74%
September		\$6,646,565	\$538,339	8.10%	10.32%
October		\$6,659,465	\$541,263	8.13%	10.24%
November		\$6,647,417	\$549,594	8.27%	10.50%
December	\$6,692,109	\$547,621	8.18%	10.34%	
January	2014	\$6,703,263	\$552,290	8.24%	10.43%
February		\$6,679,248	\$555,675	8.32%	10.62%
March		\$6,650,688	\$546,966	8.22%	10.45%
April		\$6,640,381	\$558,377	8.41%	11.28%
May		\$6,665,772	\$584,330	8.77%	11.87%
June		\$6,643,147	\$584,486	8.80%	11.89%
July					
August					
September		\$6,742,168	\$579,964	8.60%	11.43%

Ameren Missouri
Case No. ER-2014-0258

Excess Revenues Net Of Solar Rebates

<u>Year</u>	<u>Month</u>	<u>Actual Excess Revenues (000's)</u> (1)	<u>Monthly Solar Rebate Expenses (000's)</u> (2)	<u>Total With 10% Adder (000's)</u> (3)	<u>Annual Accum. Solar Rebate (000's)</u> (4)	<u>Net Excess Revenues (000's)</u> (5)
2012	Aug.	(\$5,218)	\$372	\$409	\$409	(\$5,627)
	Sept.	\$17,111	\$855	\$941	\$1,350	\$15,761
	Oct.	\$32,148	\$1,476	\$1,624	\$2,973	\$29,175
	Nov.	\$40,652	\$1,337	\$1,471	\$4,444	\$36,208
	Dec.	\$81,389	\$1,803	\$1,983	\$6,427	\$74,962
2013	Jan.	\$98,142	\$1,944	\$2,138	\$8,566	\$89,576
	Feb.	\$102,809	\$1,395	\$1,535	\$10,100	\$92,709
	March	\$138,218	\$1,792	\$1,971	\$12,071	\$126,147
	April	\$126,369	\$1,811	\$1,992	\$14,064	\$112,306
	May	\$63,477	\$1,727	\$1,900	\$15,963	\$47,514
	June	\$42,981	\$905	\$996	\$16,959	\$26,022
	July	(\$1,699)	\$1,071	\$1,178	\$18,137	(\$19,836)
	Aug.	(\$3,433)	\$2,332	\$2,565	\$20,293	(\$23,726)
	Sept.	\$29,238	\$608	\$669	\$20,021	\$9,217
	Oct.	\$25,211	\$2,676	\$2,944	\$21,341	\$3,870
	Nov.	\$40,096	\$2,947	\$3,242	\$23,112	\$16,984
	Dec.	\$31,186	\$2,206	\$2,427	\$23,555	\$7,631
2014	Jan.	\$36,540	\$3,974	\$4,371	\$25,788	\$10,752
	Feb.	\$47,035	\$2,599	\$2,859	\$27,113	\$19,922
	March	\$37,159	\$4,032	\$4,435	\$29,577	\$7,582
	April	\$79,852	\$4,484	\$4,932	\$32,517	\$47,335
	May	\$114,262	\$7,464	\$8,210	\$38,828	\$75,434
	June	\$116,191	\$13,180	\$14,498	\$52,330	\$63,861
	July		\$17,036	\$18,740	\$69,892	
	Aug.		\$6,395	\$7,035	\$74,361	
	Sept.	\$93,181	\$566	\$623	\$74,315	\$18,866
	Oct.					
	Nov.					
	Dec.					

Graph Index

Graph 1:

This area graph depicts the level of revenue requirement associated with the difference between the actual earned return on equity and the authorized return on equity for Ameren Missouri. Each data point (month) represents a 12-month period. Due to the Company discontinuing the preparation of a monthly report, data for July and August are not available. During the rolling 12-month periods since the true-up cut-off date in the Company's last rate case, Ameren Missouri has only failed to earn its authorized return on equity during August 2012, July 2013 and August 2013. During those three 12-month periods, the Company's earned return on equity was below its authorized level by only .09%, .03% and .06%, respectively. However, the average for the entire period, the average earned return on equity was 10.91% compared to an average authorized return on equity of 9.88%.

Graph 2:

This area graph includes the same data as Graph 1. In addition, it shows a line that reflects the reduction in the revenue requirement associated with the difference between the actual earned return on equity and the authorized return on equity for Ameren Missouri had the actual incurred solar rebates been included in expense during the 12-month periods rather than being deferred.

Graph 3:

This area graph depicts revenue requirement associated with the difference between the actual earned return on equity and the authorized return on equity for Ameren Missouri, reduced by solar rebates. In addition, it shows a line that reflects the reduction in the revenue requirement had the costs captured through the vegetation management tracker been included in expense during the 12-month periods rather than being deferred.

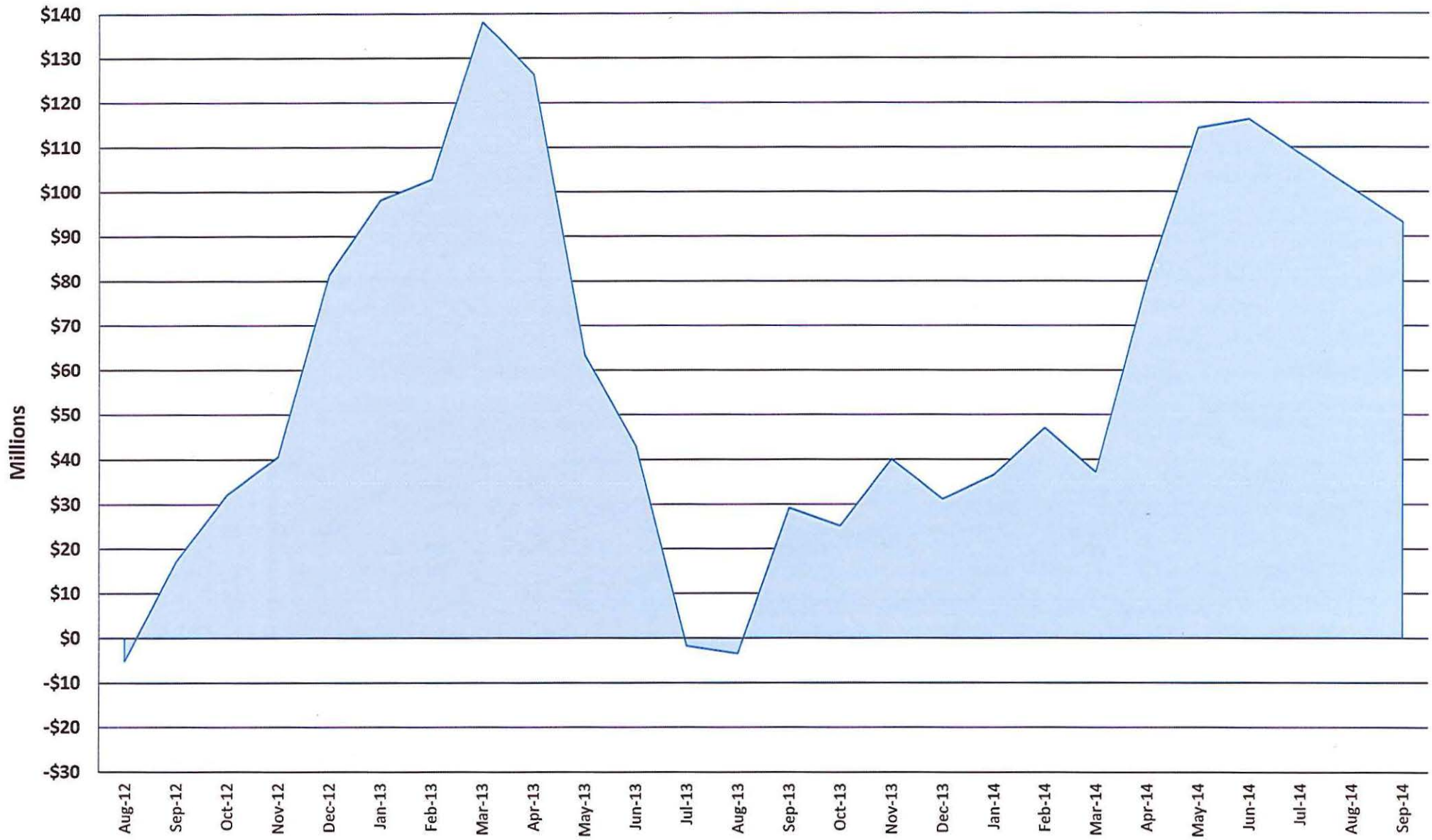
Graph 4:

This area graph depicts revenue requirement associated with the difference between the actual earned return on equity and the authorized return on equity for Ameren Missouri, reduced by solar rebates and vegetation management costs. In addition, it shows a line that reflects the reduction in the revenue requirement had the costs captured through the energy efficiency tracker and the Fukushima Study cost been included in expense during the 12-month periods rather than being deferred.

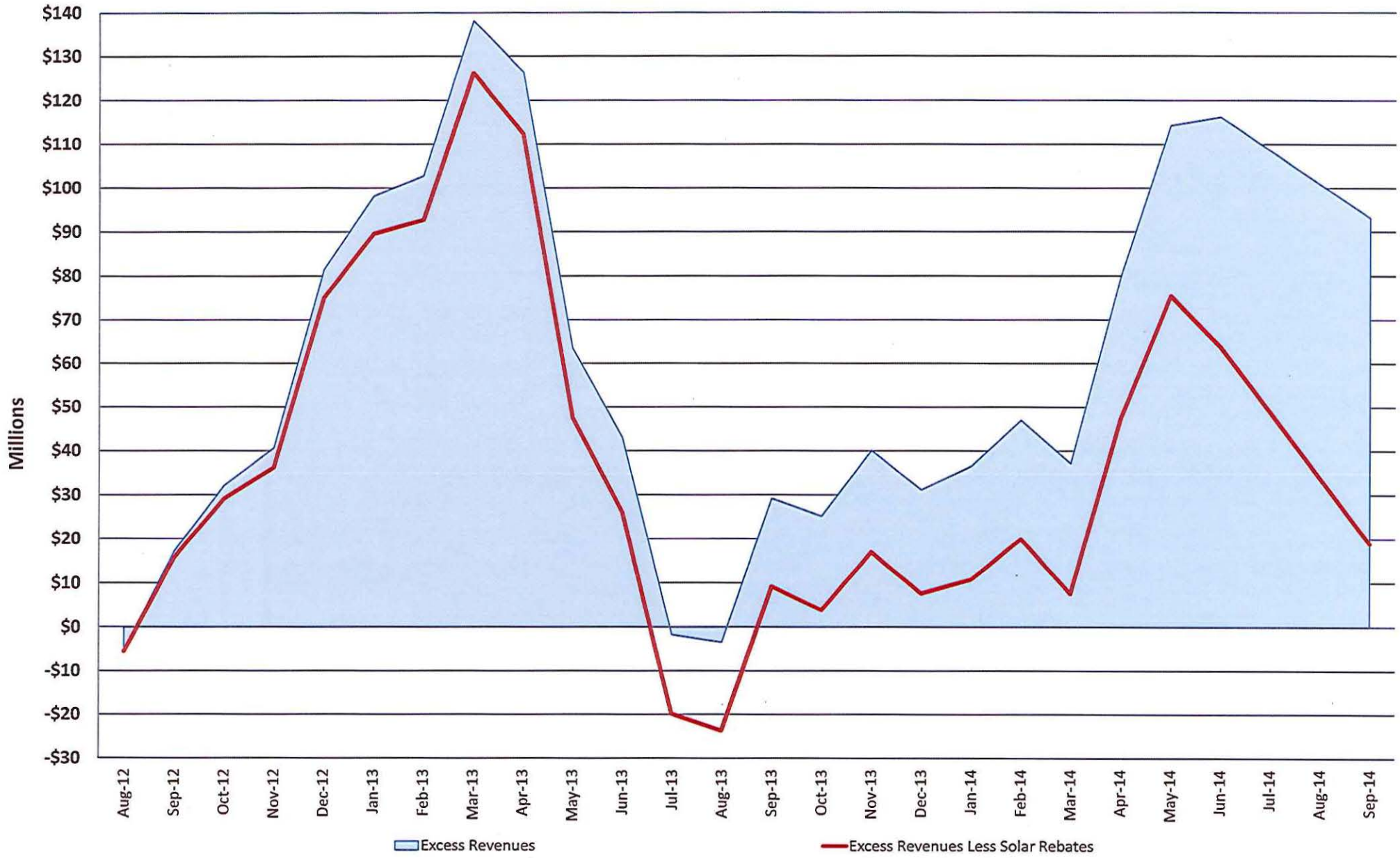
Graph 5:

This area graph depicts the remaining revenue requirement associated with the difference between the actual earned return on equity and the authorized return on equity for Ameren Missouri, reduced by solar rebates, vegetation management costs, energy efficiency costs and the cost of the Fukushima Study.

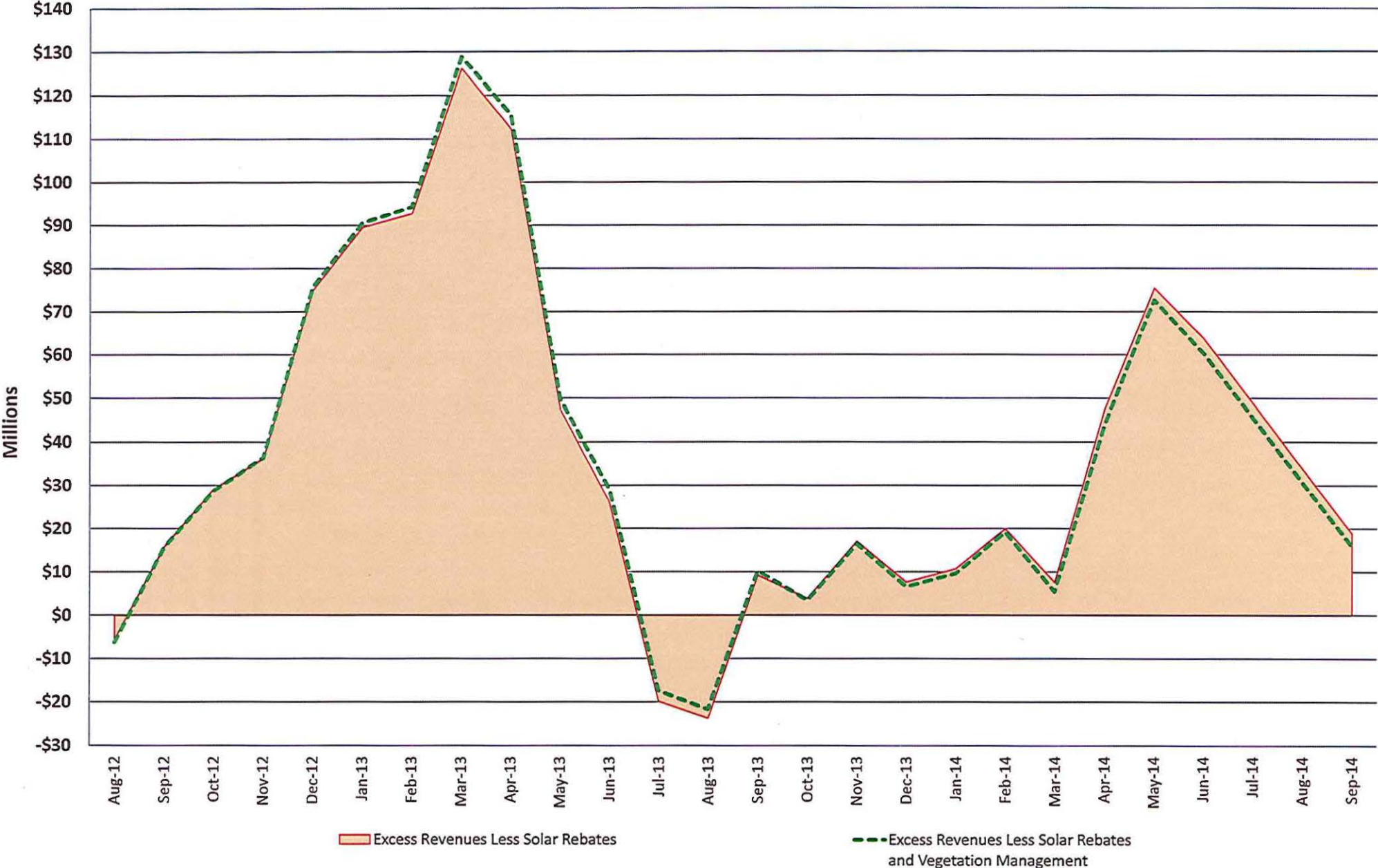
Excess Revenues (Over-Earnings)



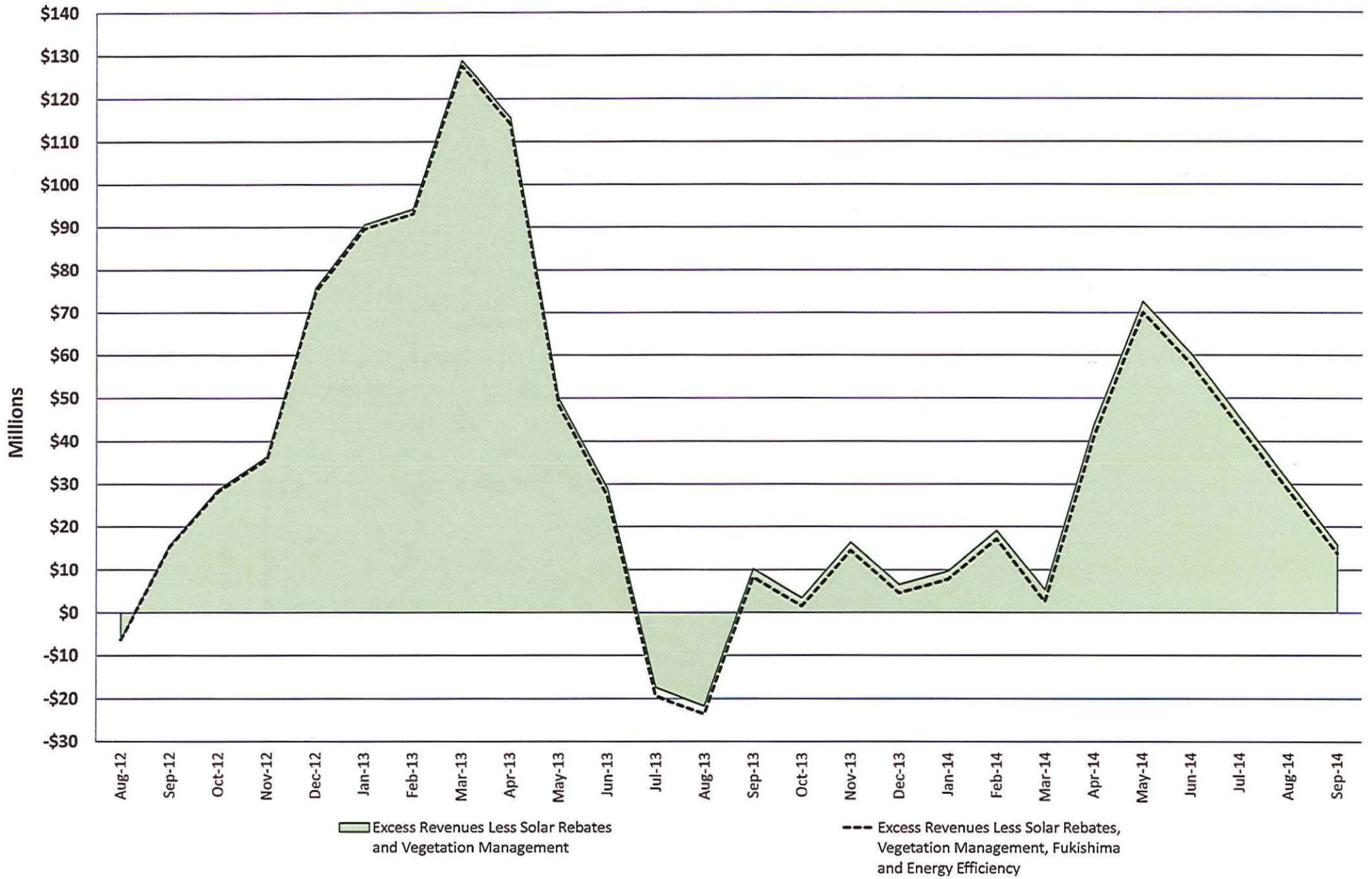
Excess Revenues Less Solar Rebates



Excess Revenues Less Solar Rebates Less Vegetation Management



Excess Revenues Less Solar Rebates Less Vegetation Management Less Fukushima and Energy Efficiency



Remaining Excess Revenues

