

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Union Electric)
Company d/b/a Ameren Missouri for Permission and)
Approval and a Certificate of Public Convenience and)
Necessity Authorizing it to Construct a Wind Generation)
Facility.)
File No. EA-2018-0202

**AMEREN MISSOURI’S REPLY TO OPC’S RESPONSE
TO AMEREN MISSOURI’S RESPONSE TO OPC MOTION TO MODIFY
PROCEDURAL SCHEDULE TO PERMIT SUPPLEMENTAL TESTIMONY**

COMES NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or the "Company"), and for its reply states as follows:

1. Ameren Missouri’s August 23 Response explained why OPC’s requested relief was unnecessary. OPC’s August 31 Reply takes no issue with the points made in Ameren Missouri’s August 23 Response, except OPC continues to express concern about what it characterizes as a lack of “clarity” regarding the depreciation-related agreements reflected in the Staff, Ameren Missouri, and Renew Missouri Advocates non-unanimous stipulation and agreement filed on August 17, 2018.

2. As explained further below, additional testimony is not needed because any needed clarity can be found in documents from Ameren Missouri’s 2014 general rate proceeding (File No. ER-2014-0258) where the Commission last ordered depreciation rates for Ameren Missouri. To that end, the Company requests that the Commission take official notice of the following:

- a. *Non-Unanimous Stipulation and Agreement as to Depreciation*, File No. ER-2014-0258 (“Depreciation Stipulation”);¹ and

¹ This stipulation was not objected to by any party and, consequently, is treated as a unanimous stipulation under 4 CSR 240-2.115.

b. *Order Approving Stipulation and Agreement as to Depreciation*

(“Depreciation Order”), File No. ER-2014-0258.

3. The Depreciation Agreement requested the Commission to “issue an order directing Ameren Missouri (1) to use the attached depreciation rates.” The attached depreciation rates include an ordered depreciation rate of 6.81% and a net salvage percentage of -17% for “Generators – Wind”. The Depreciation Order provides that the “depreciation and net salvage rates attached to the stipulation and agreement shall be used . . .” The source of the wind generation depreciation rate and net salvage percentage in that case is the *Staff Report Revenue Requirement Cost of Service* (dated December 5, 2014), p. 156, where the Staff recommended as follows:

Staff recommends adding two new plant account depreciation rates that Ameren Missouri did not address, USOA Account 344 Generators – Wind with a depreciation rate of 6.81%, and USOA Account 363 – Energy Storage Equipment (Batteries) with a depreciation rate of 11.76%. These two plant accounts’ depreciation rates were taken from a depreciation study and proposal Mr. Spanos filed on behalf of Kansas City Power & Light Company on October 30, 2014, in its pending general rate increase case, Case No. ER-2014-0370. Ameren Missouri currently does not have plant recorded in either of these accounts. Staff is recommending that the Commission approve the use of these two new depreciation account rates for possible future additions that Ameren Missouri may place in service prior to any future rate case that would address depreciation rates.²

4. While it is true that the Company’s filed position in this case was that the expected life of the wind generation facility that is the subject of its application was at least 30 years, the Company simply agreed with the Staff, in resolution of any issues in this case with the Staff, that it would use the currently-ordered depreciation rate (and, implicitly, the ordered net salvage percentage) unless and until the Commission orders otherwise after consideration of the

² The Company requests the Commission take official notice of this portion of the Staff Report.

Company's next depreciation study. The Company made no request in this case that the Commission change the already-ordered depreciation rate or net salvage percentage.

5. The Company will submit its next depreciation study by July 3, 2019, as required by 4 CSR 240-3.175, which requires submission of a study every 5 years (the Company's last electric depreciation study was submitted on July 3, 2014 in File No. ER-2014-0258). As the pre-filed testimony in this case indicates, it is expected that the facility that is the subject of the Company's application will go into service in 2020. The Commission can consider the next depreciation study and decide thereafter whether to order a different depreciation rate and net salvage percentage on an ongoing basis, and appropriate adjustments could also be made to the depreciation reserve as needed to reflect any future changes ordered by the Commission. Regardless, having agreed to simply do what it is required by Commission order to do anyway (use the ordered depreciation rate and net salvage percentage) and having outlined the source of the rate/percentage, the Company continues to believe there is no need for additional testimony on this issue.

WHEREFORE, Ameren Missouri renews its request that the Commission deny OPC's motion.

Respectfully submitted,

/s/ James B. Lowery

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CERTIFICATE OF SERVICE

The undersigned certifies that true and correct copies of the foregoing have been e-mailed or mailed, via first-class United States Mail, postage pre-paid, to counsel of record this 10th day of September, 2018.

/s/ James B. Lowery _____

James B. Lowery