

Exhibit No.:  
Issue(s): CWC  
Witness: Brenda I. Weber  
Type of Exhibit: Rebuttal Testimony  
Sponsoring Party: Union Electric Company  
File No.: GR-2019-0077  
Date Testimony Prepared: June 7, 2019

**MISSOURI PUBLIC SERVICE COMMISSION**

**FILE NO. GR-2019-0077**

**REBUTTAL TESTIMONY**

**OF**

**BRENDA I. WEBER**

**ON BEHALF OF**

**UNION ELECTRIC COMPANY**

**d/b/a AMEREN MISSOURI**

**\*\*DENOTES CONFIDENTIAL INFORMATION\*\***

St. Louis, Missouri  
June, 2019

## TABLE OF CONTENTS

I.	INTRODUCTION .....	1
II.	PURPOSE OF TESTIMONY .....	1
III.	SALES TAXES .....	2
IV.	PAYROLL AND PAYROLL TAXES .....	3
V.	PENSION AND OPEB BENEFITS .....	4

**REBUTTAL TESTIMONY**

**OF**

**BRENDA I. WEBER**

**FILE NO. GR-2019-0077**

**I. INTRODUCTION**

1

**Q. Please state your name and business address.**

2

3 A. My name is Brenda I. Weber. My business address is One Ameren Plaza,  
4 1901 Chouteau Avenue, St. Louis, MO 63103.

3

4

**Q. Are you the same Brenda I. Weber that filed direct testimony in this  
6 proceeding?**

5

6

7 A. Yes, I am.

7

**II. PURPOSE OF TESTIMONY**

8

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

9

10 A. The purpose of my rebuttal testimony is to respond to the cash working capital  
11 portion of the Missouri Public Service Commission Staff Cost of Service Report ("Staff  
12 Report"), which was sponsored by Missouri Public Service Commission Staff ("Staff") witness  
13 Jason Kunst.

10

11

12

13

**Q. What are the specific contentions made by Mr. Kunst regarding the  
15 lead/lag study used to develop cash working capital factors ("CWC factors")?**

14

15

16 A. With regard to the expense lead used in the lead/lag study, Mr. Kunst  
17 reduced the expense lead for differences in sales tax, payroll and payroll taxes, and  
18 pensions and other post-employment benefits ("OPEB"). I will address each of these issues  
19 separately.

16

17

18

19

1 **III. SALES TAXES**

2 **Q. In reviewing Mr. Kunst's portion of the Staff Report, his recommendation**  
3 **is to remove the service component when determining the revenue lag for sales tax**  
4 **purposes. Do you agree with this change?**

5 A. No, I do not. The sales tax process Union Electric Company d/b/a Ameren  
6 Missouri ("Ameren Missouri" or "Company") uses has not changed over the past several  
7 rate cases. Historically, the Company has calculated the cash working capital requirements  
8 for sales taxes with the service lag component included in the revenue lag. Nothing has  
9 materially changed in the sales tax process that supports a change in the methodology for  
10 the calculation of the cash working capital requirements for sales taxes.

11 **Q. Why is Staff excluding the service component from the revenue lag for**  
12 **sales tax purposes?**

13 A. Staff is grouping sales tax with the other pass-through tax, gross receipts  
14 tax, by excluding the service lag from the revenue lag component. These two types of  
15 taxes have different statutory requirements and are treated differently in calculating the  
16 expense lead time.

17 The gross receipts tax is a tax on Ameren Missouri and, as discussed in my direct  
18 testimony, the service lag component is removed from the revenue lag. There is direct  
19 offsetting revenue for the gross receipts tax, and it is recorded differently.

20 On the other hand, sales tax is a tax on Ameren Missouri's customers based on the  
21 sale of gas to the customer, which are recorded as a liability. There is no direct offsetting  
22 revenue for the sales tax. Sales taxes are calculated on the customer's gas usage and the  
23 service lag should therefore be included in the revenue lag component.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

**IV. PAYROLL AND PAYROLL TAXES**

**Q. In reviewing Mr. Kunst's portion of the Staff Report, it appears Staff wants to adjust the payroll and payroll taxes payment lead time \*\* \_\_\_\_\_**  
**\_\_\_\_\_\*\* What is Staff's rationale for this change?**

A. In my direct testimony, I explain an adjustment made to the payroll and payroll taxes expense lag regarding the change in management employees' pay dates shifting from the 15<sup>th</sup> and last day of the month to the 13<sup>th</sup> and 28<sup>th</sup> of each month. Staff's recommendation is to change the \*\* \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_\*\*

**Q. Do you agree with Staff's proposed change?**

A. No, I do not. Historically, the Company has calculated the payment lead time based on the period of time from the end of the service period date to the payment date. If a payment is made prior to when services are fully rendered, then the payment lead time is calculated as a negative payment lead time. In the past, the Staff has accepted this methodology in calculating the payment lead time.

**Q. Has the Company used negative payment lead times in the calculation of the payroll and payroll taxes in the past?**

A. Yes, from time to time for management employees. For example, when a management payroll period fell on a weekend or holiday, the payment date was the preceding business day, which resulted in the calculation of a negative payment lead time. This methodology has not changed with the adjustment in management pay dates. Furthermore, a negative payment lead time can occur in other categories of payments to

1 meet contractual obligations, such as pre-payment of services. Negative lead times are  
2 typically accepted in these other circumstances, and so they should be accepted in  
3 addressing the payroll and payroll tax payment lead time.

4 **V. PENSION AND OPEB BENEFITS**

5 **Q. Have you had the chance to review Staff's pension and OPEB calculations**  
6 **shown in the Staff Report?**

7 A. Yes, I have reviewed the Staff's pension and OPEB calculations and I accept  
8 Staff's updated employee benefits expense lead calculation.

9 **Q. Have you made any changes to your supporting schedules as a result of**  
10 **accepting Staff's pension and OPEB calculation?**

11 A. Yes. Schedule BIW-R1 updates the BIW-D6 schedule included in my  
12 direct testimony based on Staff's recommended expense lead calculation for pension and  
13 OPEB.

14 **Q. Does this conclude your rebuttal testimony?**

15 A. Yes, it does.

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

In the Matter of Union Electric Company                     )  
d/b/a Ameren Missouri's Tariffs to Increase Its            )  
Revenues for Natural Gas Service.                                     ) File No. GR-2019-0077

**AFFIDAVIT OF BRENDA I. WEBER**

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

Brenda I. Weber, being first duly sworn on his oath, states:

- 1. My name is Brenda I. Weber. I work in the City of St. Louis, Missouri, and I am employed by Ameren Services Company as Assistant Treasurer & Director of Corporate Finance.
- 2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of   4   pages and Schedule(s)           BIW-R1          , all of which have been prepared in written form for introduction into evidence in the above-referenced docket.
- 3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

*Brenda I. Weber*  
\_\_\_\_\_  
Brenda I. Weber

Subscribed and sworn to before me this 4<sup>th</sup> day of June, 2019.

*Gerri A. Best*  
\_\_\_\_\_  
Notary Public

My commission expires:



b  
**Cash Working Capital Requirement**  
For the Twelve Months Ended June 30, 2018

Line No.	Description (A)	Revenue Lag (B)	Expense Lead (C)	Net Lag (D)	CWC Factor (E)
1	Pensions & Benefits	38.65	(19.13)	19.51	0.0535
2	Payroll and Withholdings	38.65	(10.29)	28.36	0.0777
3	Payroll Taxes	38.65	(9.50)	29.14	0.0798
4	Other Operations and Maintenance Expenses	38.65	(37.84)	0.81	0.0022
5	Property/Real Estate Taxes	38.65	(182.50)	(143.85)	(0.3941)
6	Sales Tax	38.65	(10.10)	28.54	0.0782
7	Gross Receipts Taxes	23.44	(25.85)	(2.41)	(0.0066)
8	Federal Income Tax	38.65	(37.88)	0.77	0.0021
9	State Income Tax	38.65	(37.88)	0.77	0.0021
10	St Louis Corporate Earnings Tax	38.65	(273.50)	(234.85)	(0.6434)
11	PGA Expense	38.65	(35.77)	2.87	0.0079
12	Interest Expense	38.65	(89.31)	(50.67)	(0.1388)
13	Incentive Compensation	38.65	(252.23)	(213.58)	(0.5852)