

*Exhibit No.:*  
*Issue:* Depreciation  
*Witness:* Cedric E. Cunigan, PE  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Surrebuttal Testimony  
*Case No.:* ER-2021-0240  
*Date Testimony Prepared:* November 5, 2021

**MISSOURI PUBLIC SERVICE COMMISSION**  
**INDUSTRY ANALYSIS DIVISION**  
**ENGINEERING ANALYSIS DEPARTMENT**

**SURREBUTTAL TESTIMONY**

**OF**

**CEDRIC E. CUNIGAN, PE**

**UNION ELECTRIC COMPANY,  
d/b/a Ameren Missouri**

**CASE NO. ER-2021-0240**

*Jefferson City, Missouri*  
*November 2021*

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UNION ELECTRIC COMPANY,  
d/b/a Ameren Missouri  
CASE NO. ER-2021-0240**

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1   **SURREBUTTAL TESTIMONY**

2   **OF**

3   **CEDRIC E. CUNIGAN, PE**

4   **UNION ELECTRIC COMPANY,**  
5   **d/b/a Ameren Missouri**

6   **CASE NO. ER-2021-0240**

7             Q.       Please state your name and business address.

8             A.       Cedric E. Cunigan, 200 Madison Street, Jefferson City, Missouri 65101.

9             Q.       Are you the same Cedric E. Cunigan who has filed rebuttal testimony in  
10 this case?

11            A.       Yes, I am.

12            Q.       What is the purpose of your surrebuttal testimony?

13            A.       The purpose of my surrebuttal testimony is to respond to the rebuttal testimony  
14 filed in this case by Union Electric Company, d/b/a Ameren Missouri's ("Ameren Missouri")  
15 witness John J. Spanos and Office of Public Counsel ("OPC") witness John A. Robinett , both  
16 regarding depreciation

17            **RESPONSE TO AMEREN MISSOURI REGARDING CHOICE OF SURVIVAL**  
18            **CURVES**  
19

20            Q.       Did Mr. Spanos characterize Staff's proposed service lives correctly on page 3  
21 of his rebuttal testimony?

22            A.       No. Staff has recommended the proposed survival curves and lives as stated by  
23 Mr. Spanos, but Mr. Spanos does not describe Staff's methodology correctly. Mr. Spanos states  
24 "Staff's estimates reflect too much emphasis on the assets surviving at the later stages of the  
25 life cycle for an account, which is much less representative of the entire account than the

1 earlier stages.<sup>1</sup>” This is an incorrect statement of Staff’s approach. It is common for the last  
2 15% of a survivor curve to be excluded from curve fitting, due to unusual retirement behavior  
3 at the end of an asset group’s life. Fitting beyond the last 15% surviving would put excessive  
4 emphasis on assets surviving at the later stages of the life cycle. This is not what Staff has done.  
5 Staff routinely limits its mathematical and visual fitting to the point where 15% of an asset  
6 group is surviving. Also, in my rebuttal testimony, I provided a side by side comparison of the  
7 curves chosen by Mr. Spanos and Staff<sup>2</sup>.

8 Q. Mr. Spanos also mentions an error in Staff’s calculation of account 364 Poles  
9 and Fixtures. Is his description accurate?

10 A. In part. Mr. Spanos is correct in stating that Staff made an error inputting  
11 the reserve balance, but is incorrect about the magnitude. Mr. Spanos states that Staff  
12 entered \$10,820,364 rather than \$1,082,063,490.<sup>3</sup> Staff actually entered \$108,206,349 when  
13 calculating for direct. Staff corrected this error in its rebuttal testimony and noted the reason  
14 for the error being that the amount was entered 1 column off of the correct location in Staff’s  
15 software. Staff provided the corrected rate of 3.76% in rebuttal.<sup>4</sup>

16 **RESPONSE TO OPC REGARDING DEPRECIATION RATE**

17 Q. What concern does Mr. Robinett raise regarding Staff’s testimony?

18 A. Mr. Robinett takes issue with Staff recommending rates in accounting  
19 schedule 5 as opposed to a standalone rate schedule. His reasoning was that accounting  
20 schedule 5 contains information that may not be agreed upon by other parties and that he cannot

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<sup>1</sup> Rebuttal Testimony of John J. Spanos page 3 lines 13-15.

<sup>2</sup> Rebuttal Testimony of Cedric E. Cunigan, PE pages 6-11.

<sup>3</sup> Rebuttal Testimony of John J. Spanos, page 10, lines 16-17.

<sup>4</sup> Rebuttal Testimony of Cedric E. Cunigan, PE page 2, lines 1-5.

Surrebuttal Testimony of  
Cedric E. Cunigan

1 check Staff's math using the accounting schedule.<sup>5</sup> Mr. Robinett also mentions that he is not  
2 aware of the commission ordering depreciation rates from an accounting schedule since he  
3 started working for the Commission in April 2010.

4 Q. Does Staff share these same concerns?

5 A. Staff does not think that the concerns are an issue at this time. Staff provided,  
6 along with accounting schedule 5, all of the necessary workpapers to verify Staff's conclusion  
7 and calculations. Staff corrected errors made in its direct testimony and provided all the  
8 information needed to check Staff's math and calculations in updated workpapers to all parties  
9 with rebuttal testimony. That being said, Staff has attached a depreciation schedule with the  
10 information requested by Mr. Robinett to this testimony as Schedule CEC-2.

11 Q. Does this conclude your surrebuttal testimony?

12 A. Yes.

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<sup>5</sup> Rebuttal Testimony of John A. Robinett page 5, lines 2-12.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company        )  
d/b/a Ameren Missouri's Tariffs to Adjust Its    )  
Revenues for Electric Service                    )        Case No. ER-2021-0240

**AFFIDAVIT OF CEDRIC CUNIGAN, PE**

STATE OF MISSOURI        )  
  )  
COUNTY OF COLE         )        ss.

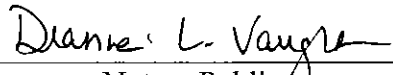
**COMES NOW CEDRIC CUNIGAN, PE**, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal Testimony of Cedric Cunigan, PE*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
**CEDRIC CUNIGAN, PE**

**JURAT**

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

  
\_\_\_\_\_  
Notary Public

