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Dues, AGA Dues,
Customer Convenience
Charges, Cash Working
Capital, Advertising,
Capitalized O&M
Depreciation, Rents &
Leases

Witness: Jane C. Dhority
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal/True-Up
Direct Testimony

Case No.: ER-2021-0240
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MISSOURI PUBLIC SERVICE COMMISSION
FINANCIAL and BUSINESS ANALYSIS DIVISION
AUDITING DEPARTMENT

SURREBUTTAL / TRUE-UP DIRECT TESTIMONY

OF

JANE C. DHORITY

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

CASE NO. ER-2021-0240

*Jefferson City, Missouri
November 2021*

**** Denotes Confidential Information ****

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1 My true-up direct testimony will provide Staff's true-up position regarding the
2 following issues: (1) cash working capital, (2) capitalized depreciation, (3) customer
3 convenience fees, and (4) miscellaneous expense.

4 **SURREBUTTAL**

5 **Lobbying-Related Payroll Expense**

6 Q. Company witness Mitch Lansford indicated that several meetings identified by
7 Staff as lobbying activities were incorrectly classified. Does Staff agree?

8 A. Yes. Staff has reviewed the meetings in question and accepts the Company's
9 assessment.

10 Q. Ameren Missouri seeks to increase its revenue requirement payroll expense for
11 amounts recorded "below-the-line" that did not relate to lobbying. Does Staff agree with this
12 proposal?

13 A. No. Amounts recorded above the line are recoverable while those recorded
14 below the line are not. Lobbying activities are below the line costs and not permitted recovery
15 in rates. The amount of time management employees devote to lobbying activities varies from
16 year to year. For employees who frequently engage in lobbying activities, Ameren Missouri
17 chooses to book a percentage of their base salaries below the line as not recoverable. It is Ameren
18 Missouri's choice to account for lobbying activities in this manner. If the Company wished to
19 change the manner in which it booked the lobbying portion of management's payroll, they
20 should have presented that argument in direct testimony in this case.

1 **Board of Directors Expense**

2 Q. Mitch Lansford’s rebuttal testimony states that Staff’s adjustment for board
3 costs is incorrect. Does Staff agree?

4 A. Yes. Staff used an incorrect percentage to allocate board costs between Ameren
5 Missouri’s gas and electric operations. Staff also removed expenses that were recorded prior
6 to the test year. Staff’s adjustment has corrected these errors.

7 **Membership Dues**

8 Q. Company witness Tom Byrne states in his rebuttal testimony that the
9 Commission should allow Ameren Missouri recovery of Edison Electric Institute costs.
10 Does Staff agree?

11 A. No. Staff’s direct Cost of Service Report on page 133, lines 19 through 28, and
12 page 134, lines 1 through 27, provides the rationale for disallowing all membership costs
13 relating to the Edison Electric Institute (“EEI”).

14 Commission rulings have been consistent on this issue and the criteria required for EEI
15 costs to be considered for recovery in rates has not changed for many years. Ameren Missouri
16 must quantify the benefit of membership to EEI to both the Company’s ratepayers and
17 shareholders.

18 In this case, Staff submitted DR No. 139 requesting a percentage of billings for each
19 service or benefit received from EEI. Staff also asked that for each of these services or benefits
20 to provide what benefits are received by Ameren Missouri and what is received for the benefit
21 of the ratepayer. The Company responded with a discussion of services provided by EEI and a
22 statement that, “It is not possible to assign a quantified dollar benefit to any one of the above
23 items.”

1 As the Company is unwilling to provide the necessary criteria for EEI membership dues
2 to be considered for recovery in rates, Staff recommends disallowing all EEI costs.

3 Q. Ameren Missouri witness Tom Byrne's rebuttal testimony indicates that he is
4 unsure of the basis of Staff's disallowance of membership dues. How do you respond?

5 A. In Staff's direct testimony it referenced an article that was also included as an
6 attachment titled, "Missouri, Kansas utilities may be using loophole to charge customers for
7 fossil fuel lobbying"¹. Mr. Byrnes misunderstood this article as he stated, "the theme of the
8 article is that sometimes industry organizations 'may' advocate for positions that could be
9 contrary to customers' interests." His interpretation is incorrect. The article in question
10 discusses a loophole companies may be using to pass lobbying costs along to their customers.
11 Ratepayers should never be burdened with the costs of lobbying activity of any kind, and these
12 costs should always be booked below the line into account 426.

13 The concern is that companies may not be removing all lobbying costs from
14 membership dues and these costs could be charged to ratepayers without their knowledge.
15 The article also expresses additional concern that these organizations may be using more than
16 just dedicated lobbying funds to work on influencing policy.

17 To address this concern, Staff's adjustment removed 50% of membership dues for
18 organizations that potentially engage in lobbying activity or those organizations whose methods
19 of determining their lobbying percentage are unclear.

20 Q. Does Ameren Missouri have policies to account for dues, memberships, and
21 lobbying costs?

¹ "MISSOURI, KANSAS UTILITIES MAY USE LOOPHOLE TO CHARGE CUSTOMERS FOR FOSSIL FUEL LOBBYING", Allison Kite, The Missouri Independent, June 7, 2021. Included in appendix 4 of Staff's Direct Cost of Service Report, Case No. ER-2021-0240.

1 A. Yes. Question 5 of DR 707 asks if the Company has a policy for charging
2 “below-the-line” amounts related to lobbying activities included in group dues/fees. In
3 response, Ameren Missouri provided their accounting policy for dues and memberships as well
4 as their accounting policy for lobbying costs which both state:

5 Sometimes, invoices related to memberships have a note on the invoice, or an
6 attached letter, that states that a certain percentage of the invoice charges are
7 nondeductible as lobbying expenses. However, there have been instances where
8 lobbying has in fact been conducted but the organization did not provide this
9 information on the invoice. In this instance, you must contact the organization
10 directly to see if they participated in any lobbying activities (State or Federal)
11 and if so, at what percentage. Once lobbying activity has been verified, the
12 accounting for the invoice should be split accordingly between membership
13 expense and lobbying expense with a separate percent for State and Federal
14 lobbying (for example, 20% of dues apply to federal lobbying and 16% to state
15 lobbying).

16
17 Q. How did Ameren Missouri respond to Staff’s concerns that the organizations to which
18 they are a member may not be accurately disclosing the amount of membership dues used for
19 lobbying activities?

20 A. Staff submitted DR No. 707 in which it asked for further detail of Ameren
21 Missouri’s assessment and treatment of the lobbying portion of membership dues. Question 4
22 of this DR asks if “Ameren Missouri performs any type of independent analysis of that portion
23 of fees/dues paid to each group listed above should be considered related to lobbying activities,
24 or does Ameren Missouri accept each group’s characterization of this percentage? If so, please
25 generally describe Ameren Missouri’s review of the extent of lobbying activities engaged in by
26 groups that Ameren Missouri participates in.”

27 The Company did not answer this question. Mr. Lansford’s rebuttal testimony states
28 that trade organizations are required to segregate their lobbying costs according to the law.

1 Mr. Lansford's asserts that because of these requirements, "there is a strong expectation that
2 amounts disclosed as lobbying on membership invoices are correct" (page 34, lines 2 and 3).

3 It is clear from Ameren Missouri's own policy that it too is concerned that these
4 organizations may not be accurately disclosing the full amount of costs used for lobbying
5 activities. That being said, it appears that the Company did not verify the correct amount of
6 lobbying activity for each organization, but rather relied on information provided in invoices
7 for membership dues. This is in direct conflict with their own policy regarding this matter.

8 Q. Mr. Lansford's rebuttal testimony states that the Company reviewed "each and
9 every invoice in question to determine the lobbying portion identified by the organization in
10 accordance with applicable state and federal law" (page 31, lines 9 through 11). What was the
11 result of this review?

12 A. The Company's review of membership invoices found a total of six
13 organizations for which Ameren Missouri failed to properly record the lobbying portion of
14 membership dues below the line as not recoverable through rates. Three of these adjustments
15 are addressed in Company witness Tom Byrne's testimony² and the remaining three are
16 highlighted in the workpapers associated with Mitch Lansford's testimony on this issue.
17 The organizations in question are:

- 18 • Utility Solid Waste Activities Group
- 19 • Nuclear Energy Institute
- 20 • North American Electric Reliability Corp.
- 21 • Associated Industries of Missouri

² Rebuttal testimony of Tom Byrne, ER-2021-0240, page 16, lines 13 through 17, page 17, lines 10 through 12,
and page 18, lines 17 and 18.

1 • National Hydropower Association

2 • Western Coal Traffic League

3 Q. Did Staff perform a similar review?

4 A. Staff submitted DR 28.1 asking for further information regarding the costs in
5 question including invoices and other supporting documentation. Ameren Missouri objected to
6 Staff's request stating that it would not reasonably lead to further discovery and providing the
7 information was unduly burdensome to the Company. The Company only agreed to provide
8 Staff with a sample of the requested information.

9 Upon review of the sample documents, Staff found 11 invoices from an *additional* four
10 organizations for which the Company failed to record lobbying costs below the line:

11 • Information Systems Audit and Control Association

12 • Society for Corporate Governance

13 • Missouri Society of Certified Public Accountants

14 • American Institute of Certified Public Accountants

15 Q. What is the total amount of lobbying costs that were incorrectly booked above
16 the line for the organizations identified in this testimony?

17 A. See table on the following page:

18

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Organization	Lobbying %	Lobbying Amount
Utility Solid Waste Activities Group	1.00%	\$784.95
Nuclear Energy Institute	1.50%	\$8,114.58
North American Electric Reliability Corp.	0.03%	\$379.23
Associated Industries of Missouri	25.00%	\$4,228.72
National Hydropower Association	15.00%	\$4,385.47
Western Coal Traffic League	3.00%	\$988.75
Information Systems Audit and Control Association	3.00%	\$7.74
Society for Corporate Governance	5.00%	\$44.83
Missouri Society of Certified Public Accountants	7.00%	\$88.55
American Institute of Certified Public Accountants	4.00%	\$105.60

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The total amount of lobbying costs incorrectly booked above the line for the 11 organizations mentioned in this testimony is \$19,128.42. As the Company restricted the amount of information available to Staff for review to only a sample of the necessary documents, it is reasonable to assume that a complete analysis of the supporting documentation may reveal that the actual amount of lobbying costs incorrectly booked above the line by Ameren Missouri may be higher than the amount stated above.

1 Q. Does Staff have any further comments regarding its lobbying adjustments for
2 membership dues?

3 A. Yes. Between Staff's review of the limited sample provided by the Company
4 and Ameren Missouri's own review of invoices there have been a total of 10 organizations for
5 which the Company failed to properly book lobbying costs below the line. This information
6 supports Staff's concern that ratepayers are indeed being incorrectly charged for lobbying
7 activities. Clearly, Ameren Missouri is not doing its due diligence with regard to ensuring
8 lobbying costs are booked below the line which is against Commission rule and is in direct
9 violation of the FERC USoA. Furthermore, it is evident that the Company is not following the
10 protocol laid out in their own policy regarding determination of lobbying percentages for the
11 organizations they belong to, which means that the costs Ameren Missouri accurately records
12 below the line may still be understated.

13 Q. What is Staff's position with regard to the lobbying portion of membership dues?

14 A. The onus is on Ameren Missouri to verify the correct lobbying percentage for
15 each organization to which they are a member. It is also their obligation by law to correctly
16 book these costs below the line to ensure that the Company's ratepayers are not burdened by
17 the costs of activities aimed at influencing policy. Ameren Missouri has failed to alleviate
18 Staff's concerns regarding both of these issues. Removing 50% of the costs of memberships
19 provides some assurance that ratepayers are not being forced to pay for lobbying activities.

20 Q. Does Staff have anything further to add regarding membership dues?

21 A. Yes. Staff made additional adjustments to membership dues to address
22 capitalized membership dues, correct an error to its calculation for incorrectly classified costs,
23 and remove the entire costs of dues relating to economic development.

1 Q. What was the nature of the adjustments to capitalized membership dues?

2 A. During Staff's initial analysis, it discovered that some of the membership cost
3 that Staff disallowed was recorded in capital overhead accounts. Staff made adjustments as
4 part of its direct filing to remove a corresponding amount from depreciation reserve.
5 Subsequent to its direct filing, Staff received further information regarding these items and has
6 amended its adjustments to reflect the proper amount removed from depreciation reserve.

7 Q. What was the nature of the adjustment to Staff's workpaper for incorrectly
8 classified costs?

9 A. In Staff's initial analysis, it incorrectly removed expenses for memberships to
10 EPRI and NERC in its adjustment to dues and donations. Staff has made an adjustment to
11 correct these errors.

12 Q. What is Staff's rationale for removing expenses related to economic
13 development?

14 A. Generally, economic development costs are not recoverable in rates because
15 there is no discernable benefit to ratepayers.

16 **Customer Convenience Charges**

17 Q. Ameren Missouri's rebuttal testimony states that Staff's calculation of customer
18 convenience fees did not include customer-facing charges related to Automated Clearinghouse
19 ("ACH") payments in its adjustments. Does Staff agree?

20 A. Yes. Staff has amended its adjustment to include ACH payments in its
21 calculation of customer convenience charges.

1 **Cash Working Capital**

2 Q. Please summarize Ameren Missouri's position regarding Staff's treatment of the
3 sales tax revenue lag in its recommended Cash Working Capital (CWC).

4 A. In his rebuttal testimony, Mr. Lansford disagrees with Staff using a different
5 sales tax revenue lag and expense lag. Mr. Lansford further states that sales tax is not a
6 pass-through tax and should not be treated as such in calculating the Company's cash working
7 capital requirement.

8 Q. When you remove the service lag component from the revenue lag do you also
9 have to remove it from the expense lag?

10 A. Yes. When you remove a component from a revenue or expense lag, you must
11 also remove that component from the other. Staff did this when computing the lags for sales
12 tax.

13 Q. On page 43, lines 3 through 5 of his rebuttal testimony, Mr. Lansford states that
14 sales tax and gross receipts tax have different statutory requirements and should be treated
15 differently in calculating cash working capital. Does Staff agree?

16 A. No. Since the Company collects the tax for the taxing authority and a service is
17 not provided to the ratepayer by the Company, measurement of the revenue and expense lag
18 calculations start with the beginning point of the collection lag for sales tax.

19 Q. Is the treatment for expense lead time relevant to the revenue lag?

20 A. No. The revenue lag is calculated differently than the expense lag. The statutory
21 requirements for these taxes are used to calculate the expense lag, but are not used to calculate
22 the revenue lag.

1 Q. Beginning on page 43, line 6 of his rebuttal testimony, Mr. Lansford discusses
2 that there is direct offsetting revenue for the gross receipts tax and no direct offsetting revenue
3 for the sales tax, and that the recording of these items in the ledger is also different. For
4 purposes of pass through taxes and cash working capital, does it matter how Ameren Missouri
5 has recorded these items in its books and records?

6 A. No. Ameren Missouri's customers pay one bill that includes both the payment
7 for the costs of providing electric service as well and amounts for the pass through taxes. In
8 addition, Ameren Missouri's tariff states that the utility can charge a variety of taxes to
9 customers above and beyond the base and commodity charge for electric service; thus, these
10 taxes are being collected in addition to and distinct from operating revenue. Ameren Missouri
11 is acting solely as a collector and remitter of these taxes; therefore, it is necessary to remove
12 the service component of the lag for these pass through taxes.

13 Q. Please clarify the difference in position between Staff and Ameren Missouri with
14 regards to the expense lead associated with the payroll for management employees.

15 A. The base payroll lead is made up of two components; the midpoint of the pay
16 period, which is the number of days in the pay period divided by two, and the payment lead
17 time, which is the number of days after the pay period ends until the payment is made. These
18 two components are combined and multiplied by a weighting factor to determine the overall
19 base payroll lead time. Staff and Ameren Missouri's disagreement is with the payment lead
20 time that is used for the management employees.

21 ** [REDACTED]

22 [REDACTED]

23 [REDACTED]

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[REDACTED]

[REDACTED]**³ Staff recommends setting the payment lead time for management employees back to zero, as it was prior to the timing change in November 2018.

Q. What effect does Ameren Missouri’s proposal for the management payroll expense lead have on cash working capital?

A. Ameren Missouri’s proposal to shift the pay dates for management employees so that they are paid before services are fully rendered has the effect of increasing the cash working capital requirement for management payroll, all other factors held constant. This results in a negative expense lag and requires Ameren Missouri to acquire additional money from investors to meet the payroll demand.

Q. Has Staff accepted negative expense leads in the past for payroll and payroll taxes as suggested by Mr. Lansford on page 44, lines 14 through 18?

A. Yes. Occasionally a pay date would fall on a holiday or a weekend which would require Ameren Missouri to pay its employees prior to the normal pay date, and that would result in a negative expense lead for that specific pay period. However, the impact of the negative expense lead times for those pay periods was mitigated by the weeks that were paid normally and had a positive expense lead. This is because the pay date landing on a holiday or weekend is an occasional occurrence rather than the normal process. The shift in pay dates to accommodate holidays and weekends can happen with the new pay dates used by Ameren Corporation as well, but it now creates a larger revenue requirement for management

³ Company’s response to Staff Data Request No. 142 in GR-2019-0077. In Case No. ER-2019-0335, the Company responded to Staff Data Request No. 328 stating the answers provided in GR-2019-0077 have not changed. The Company responded to Staff Data Request No. 510 in this cases stating that Ameren Missouri has not changed how employees are paid.

1 payroll because the shift in the payroll process creates a negative expense lead on top of the
2 negative expense lead for pay dates that land on holidays and weekends.

3 Q. Is Staff aware of any other utilities that prepay employees?

4 A. No. In reviewing the lead lag studies filed by other regulated Missouri utilities,
5 Staff found no other utility that is prepaying its employees.

6 Q. Does Ameren Missouri believe there will be cost savings due to the change of
7 management pay dates?

8 A. No. In response to Staff Data Request No. 327 in ER-2019-0335,
9 Ameren Missouri states, “The change in payroll dates for management employees did not result
10 in any quantifiable cost savings.” This response further supports Staff’s recommendation that
11 ratepayers should not be responsible for prepaying management as it provides no benefit to the
12 ratepayers and in fact is a detriment to the ratepayers.

13 Q. Has Staff made further adjustments to align the results of the Company’s gas
14 and electric studies?

15 A. Yes. Staff received information subsequent to filing its direct testimony
16 regarding a discrepancy in the Company’s vacation payroll amounts. Staff’s adjustment reflects
17 the correct amounts.

18 **Advertising**

19 Q. How did Staff conduct its analysis of advertising?

20 A. The focus of Staff’s assessment is what Ameren Missouri’s messages were
21 saying during the 2020 test year. Staff reviewed each piece of advertising submitted by the
22 Company to determine its primary message. Once that was accomplished, Staff categorized

1 each advertisement according to the KCP&L standard ⁵based on that primary message.
2 Advertising classified as either general or safety are recoverable, while those of an institutional
3 or political nature are not. Staff made adjustments to only include costs tied to general and
4 safety advertising for recovery in rates. Staff's review of advertising in this case was done on
5 an ad-by-ad basis.

6 Q. Please explain the campaign-based approach to determining recoverable
7 advertising costs.

8 A. The campaign approach is a means for determining whether a campaign should
9 be recoverable or disallowed on a whole. Staff reviews each ad submitted by the Company to
10 determine the primary message. After analyzing all of the items for each campaign, Staff
11 determines what percentage of the campaign is recoverable. If 51% or more of the campaign
12 is recoverable, the entire campaign is allowed, but, if the majority of the campaign in question
13 is not recoverable, the entire campaign is disallowed.

14 Q. Ms. Muniz's rebuttal testimony page 5, lines 1 and 2, asks if the witness agrees
15 with Staff's recommendation to "return" to an ad-by-ad based analysis. How does Staff
16 respond?

17 A. Ms. Muniz poses this question in a manner that implies that the Commission has
18 been consistently ruling in favor of campaign-based recovery and Staff is requesting to go back
19 to assessing advertising on an ad-by-ad basis. This is incorrect. The only case in which the
20 Commission ruled in favor of allowing Ameren Missouri recovery of advertising costs on a
21 campaign basis is case No. ER-2008- 0318⁶, which the Company consistently uses as the basis

⁵ Case No. ER-2021-0240 Staff Direct Cost of Service Report, page 139, line 27 through page 140, line 18

⁶ Case No. ER-2021-0240 Staff Direct Cost of Service Report, page 140, lines 19-27

1 of its argument on the matter. The Commission has not allowed recovery of advertising costs
2 in rates using a campaign-based method in 13 years.

3 Q. On page 4, lines 12 through 22, Ameren Missouri witness Trina Muniz provides
4 details as to why she believes that the categories of the KCP&L standard are no longer adequate.
5 Does Staff agree?

6 A. No. The KCP&L standard assesses the primary message of each advertisement
7 and does not address the channel used to send the message. The primary message does not
8 change as a result of where it is placed. The fact that it does not explore or consider the
9 additional channels available today is exactly why it is still relevant. The primary message can
10 be assessed whether the advertisement is aired on the radio or posted on Twitter.

11 Q. Does Staff have further comments regarding the KCP&L standard?

12 A. Yes. Ms. Muniz's lengthy discussion including the definition of advertising and
13 how it does not apply to Ameren Missouri, the different channels of communication they use,
14 the prevalence of social media, the percentage of Americans who own cell phones and that it
15 has increased since 2011, their integrated mix of channels, the varied consumption habits of
16 their customers, and that customers access information at their fingertips. All of these
17 considerations are irrelevant to the determination of who should bear the costs of their
18 advertising activities.

19 Staff acknowledges that some of the topics brought up in Ms. Muniz's testimony are
20 important such as the need to maintain adequate social media presence or that the rise of
21 additional channels of communication have effected Ameren Missouri's choice of where to
22 place their advertisements. However, none of these factors are criteria used in determining
23 whether the costs of advertising should or should not be included in rates.

1 Q. Why does Staff recommend recovery on an ad-by-ad basis rather than by
2 campaign?

3 A. Staff recommends recovery of advertising costs on an ad-by-ad basis as it is
4 more conservative and equitable for both Ameren Missouri and its customers. Ms. Muniz's
5 preference for the campaign approach does a disservice to captive ratepayers because it allows
6 the Company to recover the costs of institutional advertising that would be disallowed
7 otherwise.

8 Q. In Staff's direct testimony regarding its analysis of advertising expense for this
9 rate case, there was a discussion concerning chronic issues with Ameren Missouri's response
10 times to advertising data requests. Please explain the issue.

11 A. With every Ameren Missouri rate case over the past 30 years, including this
12 case, Staff has submitted a standard set of data requests for all advertisements, invoices and
13 supporting documentation needed to perform an analysis of the costs of advertising the
14 Company seeks to have included for recovery in rates.

15 Staff analyzed the DR response times with regard to advertising for this case as well as
16 the three prior Ameren Missouri rate cases and found the following:

Case No.	Days Elapsed Before DR Fully Answered	Number of DRs Answered On Time
ER-2014-0258	135	0
ER-2016-0179	238	0
ER-2019-0335	193	0
ER-2021-0240	96	0

17

1 Q. Did the Company respond to Staff's direct testimony on this issue?

2 A. Yes. Ameren Missouri witness Trina Muniz provided rebuttal testimony to Staff
3 regarding the issue; however, no solution to the problem was suggested.

4 Q. On page 6, lines 5 and 6 of Ms. Muniz's testimony she states that,
5 "Per Ms. Dhority's own findings, Ameren Missouri has reduced its response time in the last
6 three rate reviews." How does Staff respond to this statement?

7 A. Staff has just over four months to conduct its audit in a rate case. In this case
8 and previous cases, Staff has had to wait months and conduct several meetings in order to
9 receive all the necessary information in order to complete its analysis. Ameren Missouri's
10 response times interfere with Staff's ability to perform a full assessment of the Company's
11 advertising activities within the time allotted by the procedural schedule⁷.

12 The response times for data requests are clearly and consistently laid out in the
13 procedural schedule for each rate case and have not changed. The applicable response time per
14 Commission rule for the aforementioned three cases as well as the current case is 20 days⁸.
15 Ameren Missouri has historically failed to provide the necessary documents within the
16 timeframe mentioned above. Ameren Missouri's response to DR 3 in this case was 76 days
17 overdue and the responses in the prior 3 cases were overdue by 173, 218, and
18 115 days respectively.

19 Q. On page 5, lines 21 and 22, Ms. Muniz states that "Ameren Missouri responses
20 to these data requests required us to obtain a very large amount of information and some of it
21 is not housed on site." How does Staff respond?

⁷ 20 CSR 4240-2.090 Discovery and Prehearings, section C

⁸ ER-2021-0240 Order Setting Procedural Schedule and Adopting Test Year, pages 7-8

1 A. Staff appreciates that responding to advertising data requests require the
2 Company to provide a large volume of information. However, the burden of proof is on the
3 Company. It would be inappropriate for Staff to allow unexplained costs to be recovered from
4 ratepayers, therefore, all necessary documentation must be provided.

5 Q. Does Staff have a recommendation to address the chronic DR response time
6 issues Staff has had with the Company?

7 A. Yes. Staff recommends that the Commission order Ameren Missouri to explore
8 methods that can be utilized and work with Staff in order to receive all advertisements, invoices
9 and related documents consistently requested as part of Staff's review within the required
10 response times lined out in the procedural schedule.

11 Q. What portion of the Louie the Lightning Bug campaign does Staff recommend
12 for disallowance?

13 A. Staff recommends disallowing all costs tied to the Louie parade balloon. Staff
14 supports teaching children to be safe around electricity and agrees that the Louie bus and
15 coloring books convey safety messages. The parade balloon conveys a different primary
16 message which is that Ameren Missouri is participating in a parade as a good member of the
17 community. This does not meet the KCP&L criteria as safety (or general) advertising and
18 therefore the costs of the Louie parade balloon should not be recoverable in rates.

19 Q. On page 7, lines 8 and 9, Ms. Muniz states that, "It should be noted that this cost
20 for the Louie campaign in 2020 was lower than in past rate reviews due to the pandemic."
21 How does Staff respond?

22 A. Many cost levels were disrupted due to the COVID-19 pandemic. This
23 information has no bearing on the primary message of the parade balloon or the bus and coloring

1 books. The cost of the Louie parade balloon should not be borne by ratepayers regardless of
2 the effects of the pandemic.

3 Q. In Ameren Missouri witness Trina Muniz's rebuttal testimony on page 7,
4 lines 12 and 13, she states that "Staff does not give reason for disallowance, which I am told by
5 my attorneys, is necessary for Staff to overcome the presumption of prudence." How does Staff
6 respond?

7 A. Ms. Muniz asserts that Staff did not provide adequate explanation or rationale
8 of how it assessed Ameren Missouri's advertisements and that the Company should not be
9 penalized for disallowances made by Staff without such reasoning. Ms. Muniz's assertion is
10 incorrect. Staff did provide reasoning for its recommendation. Staff's direct testimony cited
11 the categories of the KCP&L standard as rationale for recovery or disallowance.

12 Q. What is the Power Play Goals for Kids ("PPGFK") campaign?

13 A. It is an advertising campaign highlighting Ameren Missouri's partnership with
14 the St. Louis Blues and several charitable organizations.

15 Q. What is the primary message of the PPGFK campaign?

16 A. The primary message of all advertisements of the PPGFK campaign is that
17 Ameren Missouri donates to charity. This is institutional advertising as it seeks to improve or
18 retain the Company's public image and provides no information related to safe and reliable
19 service at just and reasonable rates to ratepayers.

20 Q. What is Ms. Muniz's reasoning for why Ameren Missouri should be permitted
21 to include the cost of the PPGFK campaign for recovery in rates?

22 A. Ms. Muniz states that Ameren Missouri uses the PPGFK campaign to acquire
23 new followers on the Company's Facebook pages.

1 Q. Is Staff against the Company utilizing social media or other communication
2 channels to advertise to their customers?

3 A. No. Staff takes no issue with Ameren Missouri using any media channel they
4 see fit to advertise to customers. Making use of the various ways to send messages is part of a
5 successful strategy and Staff supports the Company's efforts to take full advantage of the
6 various communication channels available to them. Additionally, Staff has allowed advertising
7 placed on several different communication channels – and is not limiting the company's ability
8 to reach its customers.

9 Q. What is Staff's position on this issue?

10 A. It is Staff's position that all costs associated with the PPGFK campaign be
11 disallowed. It is institutional advertising whose primary message is that Ameren Missouri
12 donates to charities. The Company's use of this campaign to get more people to follow their
13 Facebook page is inappropriate justification for the cost to advertise their charitable endeavors
14 to be shouldered by Ameren Missouri ratepayers.

15 Q. On page 9, lines 4 through 6 of her testimony, Ms. Muniz again states that Staff
16 did not provide a reason for this disallowance. Did Staff provide its rationale for this
17 adjustment?

18 A. Again, yes. Staff's testimony cited the KCP&L standard as the basis for its
19 adjustment. Ms. Muniz's disagreement with Staff's determination of the primary message does
20 not mean no reason was given for the disallowance.

21 Q. Does this conclude your surrebuttal testimony?

22 A. Yes.

1 **TRUE-UP DIRECT**

2 **Cash Working Capital**

3 Q. Has Staff made any adjustments to its cash working capital calculation as part
4 of its true-up audit?

5 A. Yes. Staff has included information through the true-up cutoff date of
6 September 30, 2021 in its calculation of cash working capital.

7 **Capitalized Depreciation**

8 Q. Has Staff updated its adjustment to capitalized depreciation through the true-up
9 date in this case?

10 A. Yes. Staff has updated the amount of capitalized depreciation to be removed
11 from depreciation expense by applying the September 30, 2021 capitalization percentage to the
12 updated plant balances as part of its true-up audit.

13 **Customer Convenience Fees**

14 Q. Has Staff made any changes to its proposed adjustment for customer
15 convenience fees?

16 A. Yes. Staff has updated the annualized amount of customer convenience fees to
17 reflect Staff's true-up position.

18 **Miscellaneous Expense**

19 Q. Has Staff made any adjustments to miscellaneous expense as part of its true-up
20 audit in this case?

1 A. Yes. Staff has Staff has made an adjustment to rebook certain miscellaneous
2 expenses and remove a depreciation reserve adjustment for items incorrectly booked to
3 capital accounts.

4 **Rents & Leases**

5 Q. Did Staff make adjustments to rents and leases as part of its true-up audit?

6 A. Yes. Staff has updated the annualized amount of customer convenience fees to
7 reflect Staff's true-up position.

8 Q. Does this conclude your surrebuttal/true-up direct testimony?

9 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

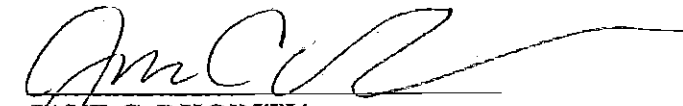
In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Adjust Its)
Revenues for Electric Service) Case No. ER-2021-0240

AFFIDAVIT OF JANE C. DHORITY

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

COMES NOW JANE C. DHORITY, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal/True-Up Direct Testimony of Jane Dhority*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.



JANE C. DHORITY

JURAT

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

LISA M. FERGUSON Notary Public - Notary Seal State of Missouri Commissioned for St. Louis County My Commission Expires: June 23, 2024 Commission Number: 16631502
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Notary Public

ACCOUNTING POLICY FOR DUES AND MEMBERSHIPS

The accounting to be used for Dues and Memberships depends upon the nature of the expense.

Individual dues and memberships which are assignable to the general administration of the company's operations and to specific administrative and general departments should be posted to account 921-072, with resource type MT.

Corporate dues and memberships should be posted to account 930-228, with resource type MD.

Dues and memberships that are clearly not administrative or corporate in nature may be posted to accounts for specific operating departments. For example, an employee whose labor is generally charged to transmission accounts will charge the individual dues and memberships to major 566 for transmission, with resource type MT.

Resource type MT should always be used for individual dues and memberships, and resource type MD should always be used for corporate memberships.

Sometimes, invoices related to memberships have a note on the invoice, or an attached letter, that states that a certain percentage of the invoice charges are nondeductible as lobbying expenses. However, there have been instances where lobbying has in fact been conducted but the organization did not provide this information on the invoice. In this instance, you must contact the organization directly to see if they participated in any lobbying activities (State or Federal) and if so, at what percentage. Once lobbying activity has been verified, the accounting for the invoice should be split accordingly between membership expense and lobbying expense with a separate percent for State and Federal lobbying (for example, 20% of dues apply to federal lobbying and 16% to state lobbying). Please also refer to the ACCOUNTING POLICY FOR LOBBYING COSTS.

For questions, please contact the Managing Supervisor – General Accounting

Effective Date: 10/15/2015

Owner: S. Mark Brawley
Vice President and Controller

ACCOUNTING POLICY FOR LOBBYING COSTS

Lobbying costs should be recorded in FERC account 426.4. Below is the FERC definition of this account:

426.4 Expenditures for certain civic, political and related activities. This account shall include expenditures for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances) or approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials, but shall not include such expenditures which are directly related to appearances before regulatory or other governmental bodies in connection with the reporting utility's existing or proposed operations.

Expenditures fitting this description should be posted to one of the following accounts at the Ameren companies:

426-045 POLITICAL EXPENSES – FEDERAL LOBBYING
426-046 POLITICAL EXPENSES – ADVERTISING
426-047 POLITICAL EXPENSES – OTHER THAN ADV (INCLUDES STATE LOBBYING)
426-048 POLITICAL EXPENSES – STATE PAC
426-049 POLITICAL EXPENSES – FEDERAL PAC

The activity to be used on lobbying expenses is CCLE. **Activity CCLE should never be used for any expenditure other than lobbying.**

Sometimes, invoices related to memberships have a note on the invoice, or an attached letter, that states that a certain percentage of the invoice charges are nondeductible as lobbying expenses. However, there have been instances where lobbying has in fact been conducted but the organization did not provide this information on the invoice. In this instance, you must contact the organization directly to see if they participated in any lobbying activities (State or Federal) and if so, at what percentage. Once lobbying activity has been verified, the accounting for the invoice should be split accordingly between membership expense and lobbying expense with a separate percent for State and Federal lobbying (for example, 20% of dues apply to federal lobbying and 16% to state lobbying). Please also refer to the ACCOUNTING POLICY FOR DUES AND MEMBERSHIPS.

For questions, please contact the Managing Supervisor – General Accounting.

Effective: 10/15/2015
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