

*Exhibit No.:*

*Issue(s): Plant-In Service Accounting  
Operation and Maintenance  
Expense*

*Witness: Paul K. Amenthor*

*Sponsoring Party: MoPSC Staff*

*Type of Exhibit: Rebuttal Testimony*

*Case No.: EA-2023-0286*

*Date Testimony Prepared: October 11, 2023*

**MISSOURI PUBLIC SERVICE COMMISSION**

**FINANCIAL & BUSINESS DIVISION**

**AUDITING DEPARTMENT**

**REBUTTAL TESTIMONY**

**OF**

**PAUL K. AMENTHOR**

**UNION ELECTRIC COMPANY,  
d/b/a AMEREN MISSOURI**

**CASE NO. EA-2023-0286**

*Jefferson City, Missouri  
October 2023*

**\*\* Denotes Confidential Information \*\***

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PAUL K. AMENTHOR  
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CASE NO. EA-2023-0286**

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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **PAUL K. AMENTHOR**

4 **UNION ELECTRIC COMPANY,**  
5 **d/b/a AMEREN MISSOURI**

6 **CASE NO. EA-2023-0286**

7 Q. Please state your name and business address.

8 A. My name is Paul K. Amenthor, and my business address is 111 N. 7<sup>th</sup> Street,  
9 Suite 105, St Louis MO 63101.

10 Q. By whom are you employed and in what capacity?

11 A. I am employed by the Missouri Public Service commission (“Commission”) as  
12 a Senior Regulatory Auditor.

13 Q. Please describe your educational background.

14 A. I graduated from Southern Illinois University at Edwardsville in December 2016  
15 with a Bachelor’s degree in Accounting.

16 Q. Have you previously filed testimony before this Commission?

17 A. Yes. Please refer to Schedule PKA-r1, attached to this rebuttal testimony, for a  
18 list of cases in which I have previously filed testimony.

19 Q. What is the purpose of your rebuttal testimony?

20 A. The purpose of this testimony is to discuss the inclusion of the initial investment  
21 in the calculation of Plant-In-Service accounting (“PISA”) in association with  
22 Ameren Missouri’s proposed Chapter 100 Financing and to discuss the ongoing operating and  
23 maintenance (“O&M”) expense for the projects if one or more of the solar projects are approved  
24 by the Commission as part of this Certificate of Convenience and Necessity (“CCN”).

1 **PISA**

2 Q. What is PISA?

3 A. PISA, which was enacted into law in June of 2018 by Senate Bill 564, allows  
4 investor-owned electric utilities in the State of Missouri the option to defer to a regulatory asset  
5 eighty-five percent of all depreciation expense and return associated with qualifying  
6 electric plant recorded to plant-in-service on the utility's books. "Qualifying electric plant  
7 for PISA" refers to all rate base additions, except those rate base additions for new coal-fired  
8 generating units, new nuclear generating units, new natural gas units, or rate base additions that  
9 increase revenues by allowing service to new customer premises. The deferred amounts shall  
10 be included in the revenue requirement used to set the electric utility's rates in its subsequent  
11 general rate proceeding through an amortization over twenty years with the unamortized  
12 balance included in rate base. Investor-owned electric utilities that take advantage of PISA  
13 treatment are required to submit a five-year capital investment plan with the Commission on  
14 the 28<sup>th</sup> of February every year. The capital investment plan is required to include a specific  
15 annual report that provides detailed information regarding the actual capital investment from  
16 the prior year.

17 Q. Does Ameren Missouri intend to utilize PISA for these projects?

18 A. Yes. According to the response to Staff Data Request 154, Ameren Missouri  
19 states that the projects in this case are qualifying electric plant and will result in PISA deferrals  
20 in accordance with the applicable statute, meaning 85% of depreciation and return will be  
21 deferred until Ameren Missouri's next rate case. Moreover, in response to Staff Data  
22 Request No. 134, Ameren Missouri states that it may utilize one or more of the solar projects  
23 for compliance with the Renewable Energy Standard ("RES"), if needed. If any one of the solar

1 projects is ultimately used for RES compliance, then 85% of the return and depreciation would  
2 be included in PISA and the other 15% of the depreciation and return would be included in the  
3 RESRAM. Staff notes that if a project is used for RES compliance, 100% of the O&M expense  
4 associated with that project would also be included in the RESRAM. Please refer to Staff  
5 witness Jane Dhority's rebuttal testimony in this case for further discussion and  
6 recommendations regarding RES compliance.

7 Q. What is Chapter 100 financing?

8 A. Chapter 100 authorizes cities and counties to issue industrial development bonds  
9 to finance a wide variety of commercial facilities and to offer property tax abatements. The  
10 county in which the facility is located holds title to the project and leases the project back to a  
11 company pursuant to a lease agreement. The lease payments under the agreement equal debt  
12 service payments on the bonds, making the property exempt from property taxes.<sup>1</sup>

13 Q. How does Ameren Missouri intend to utilize Chapter 100 financing for the Split  
14 Rail, Bowling Green and Vandalia solar projects<sup>2</sup> proposed to be located within Missouri?

15 A. Currently, property taxes are centrally assessed on solar property and then  
16 distributed throughout the counties of Missouri. Ameren Missouri has estimated that property  
17 taxes for the facilities in Missouri would be higher than the amount that would be incurred,  
18 should a Chapter 100 structure be utilized. The Chapter 100 structure allows facilities to avoid  
19 ad valorem taxes (property taxes) when the title to the facility is owned by a tax-exempt entity.  
20 In this case the tax-exempt entities are the counties where the facilities would be located. This  
21 Chapter 100 financing would apply to three of the four Solar Projects contemplated in this

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<sup>1</sup> Missouri Statutes 100.700 through 100.850 govern an Act regarding Missouri Business Use Incentives for Large-Scale Development.

<sup>2</sup> Split Rail in Warren County, Bowling Green in Pike County and Vandalia in Audrain County.

1 docket that are to be located within Missouri. So rather than Ameren Missouri paying higher  
2 property taxes, Ameren Missouri will make payments in lieu of taxes (“PILOTs”) to the  
3 individual counties. In addition, the Chapter 100 arrangement for PILOTs is more beneficial  
4 for the counties in which the solar projects would be located because those counties would  
5 retain all money paid for the PILOT rather than receive only a portion of traditional property  
6 taxes. Ameren Missouri has utilized this type of financing before for both the Penno Creek and  
7 Audrain gas generating facilities.<sup>3</sup> Please refer to the chart below demonstrating the reduced  
8 cost that Ameren Missouri anticipates will occur over the life of the projects by utilizing the  
9 Chapter 100 structure:

<b>Solar Project</b>	<b>Traditional Property Tax</b>	<b>PILOT</b>
Split Rail Solar – Warren County	\$180 Million	\$23 Million
Vandalia – Audrain County	\$32 Million	\$4 Million
Bowling Green – Pike County	\$32 Million	\$4 Million

10 In order to implement the Chapter 100 structure, Ameren Missouri will lease the solar  
11 facilities with the various counties. The counties will hold legal title, but the lease will allow  
12 Ameren Missouri to operate and control the facilities as if it holds legal title. The lease requires  
13 the lessee to make the lease payments to counties and the counties are to make bond payments  
14 to the bondholder, in this case Ameren Missouri. The lease payments and bond payments will  
15 offset each other for no net revenue impact for either Ameren Missouri or the counties.

16 Since the counties lease the projects back to Ameren Missouri pursuant to a lease  
17 agreement, these transactions can be defined as a “sale and leaseback transaction” according to  
18 Financial Accounting Standards Board (“FASB”) ASC 842 lease accounting.

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<sup>3</sup> EF-2006-0278, Audrain Energy Center and EO-2003-0035, Penno Creek Energy Center.

1 Ameren Missouri can acquire title to the facilities at any time prior to or at the expiration  
2 of the lease term by paying a nominal sum.

3 Q. What is a sale and leaseback and does it allow Ameren Missouri to retain the  
4 assets on its books and records for PISA treatment?

5 A. A sale and leaseback can be defined as a contract between a seller and a buyer  
6 where the seller sells an asset to the buyer and then enters into another contract to lease the asset  
7 back from the buyer. There are two types of sale and leaseback transactions according to  
8 General Accepted Accounting Principle (“GAAP”), “successful” and “failed”. In accordance  
9 with GAAP, the transaction between Ameren Missouri and the counties is considered a “failed”  
10 sale and leaseback as the seller-lessee (Ameren Missouri) shall not derecognize the transferred  
11 asset on its books and records and shall account for any amounts received as a financial liability  
12 while the buyer-lessor (Warren, Audrain, and Pike Counties) shall not recognize the transferred  
13 asset on its books and records and shall account for the amounts paid as a receivable. This  
14 allows Ameren Missouri to recognize the facilities assets and depreciation on its books and  
15 records and allows for PISA treatment.

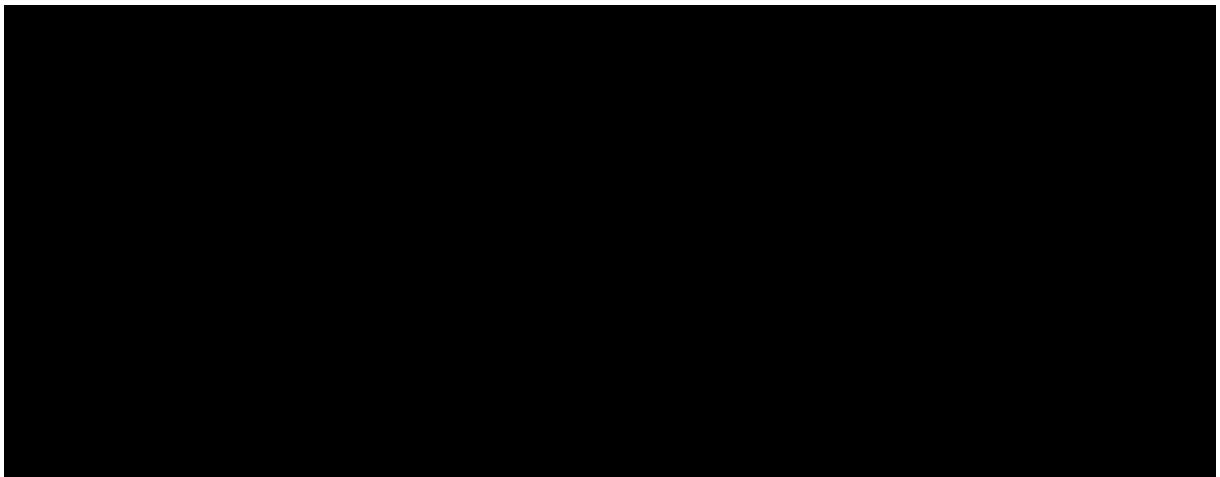
16 **O&M EXPENSES**

17 Q. What is O&M expense?

18 A. O&M expense refers to the day-to-day costs incurred to operate and maintain a  
19 facility in order to provide safe and reliable service by the utility. In regard to the solar facilities  
20 included as part of the CCN in this case, these include costs such as internal labor and materials,  
21 real estate land lease payments, property tax or PILOT, transmission interconnection, and  
22 other costs.

1 Please refer to the chart below and the following descriptions that summarize the  
2 starting estimated annual costs for each of the Solar Projects should the Commission approve  
3 one or more of the solar projects as part of this CCN proceeding. O&M amounts in this docket  
4 are estimated costs and they are calculated by taking Ameren Missouri's 2020 IRP assumption  
5 for solar O&M in 2019 and escalating that amount at 2% per year over the life of the project:

6 \*\*



7 \*\*

8 **GENERAL O&M**

9 Q. What costs are anticipated in the general O&M for the solar projects?

10 A. It is estimated that the general O&M for the solar projects will consist of 90%  
11 labor and 10% non-labor. These costs consist of vegetation management, general  
12 administration, corrective maintenance, and preventative maintenance. At this point, Ameren  
13 Missouri has not entered into any O&M contracts for the solar projects.

14 **PROPERTY TAXES**

15 Q. Do all the projects qualify for the Chapter 100 arrangement for  
16 PILOT payments?



1           A.     No. The Cass County Solar project does not qualify for Chapter 100 financing  
2 because the project site is located in Illinois and the Chapter 100 arrangement is governed by  
3 Missouri statute. The Cass County facility would be assessed ad valorem property taxes under  
4 Illinois law over the expected life of the project.

5                   **REAL ESTATE LAND LEASE**

6           Q.     Do real estate land lease costs exist for all of the projects?

7           A.     No. Ameren Missouri will be paying annual fees to landowners to lease the land  
8 upon which the Split Rail and Cass County solar facilities will be located. These lease payments  
9 are not necessary for the Vandalia and Bowling Green facilities as Ameren Missouri purchased  
10 the land that these facilities will be built upon.

11                   **TRANSMISSION COSTS**

12          Q.     Do transmission costs pertain to all the projects?

13          A.     No. The Split Rail and Cass County Solar projects will be integrated into  
14 Midcontinent Independent System Operator (“MISO”) through transmission interconnection,  
15 but the Vandalia and Bowling Green facilities will be interconnected to Ameren Missouri’s  
16 distribution system – avoiding transmission interconnection entirely. The transmission cost is  
17 expected to be paid over the first 20 years of the project’s life, and these ongoing  
18 interconnection costs are established through a Generator Interconnection Agreement (“GIA”)  
19 with MISO.

20                   **OTHER COSTS**

21          Q.     Please describe “Other” costs.

1           A.     “Other” costs refer to several costs that are unique to only the Cass County solar  
2 project in Illinois. There is a “Drainage District Tax Crossing & Agreement” as the project is  
3 within the South Beardstown Drainage & Levee District of Cass County. Permission has been  
4 requested to encroach on the project to construct and maintain the facility. This lease agreement  
5 requires operations and assessment payments over the life of the project.

6           There are costs associated with a removal bond that is required by Cass County’s  
7 Zoning Ordinance to be issued prior to commencement of construction in the amount equal to  
8 the cost to decommission the Project and reconstitute the land, less the salvage value of  
9 decommissioned equipment. This will remain in place for the life of the project as well as  
10 during completion of decommissioning and restoration.

11           Lastly, there is payment to a scholarship fund where the developer committed to  
12 donating funds to the Cass County Board Citizen-Scholar Program that awards scholarships to  
13 local high school students. Staff notes that any type of donation will be proposed for  
14 disallowance in a future rate case if not already recorded below the line.

15           Q.     How does Ameren Missouri intend to record Other Costs?

16           A.     Ameren Missouri intends to record the following expenses as noted below:

- 17           • Drainage District Tax in the FERC account 408.11 (Property Taxes)
- 18           • Removal Bond in the FERC account 431 (Other interest expense)
- 19           • Scholarships fund in the FERC account 426.1 (Donations)

20           **INVENTORY**

21           Q.     Please describe inventory.

22           A.     Inventory is a list of spare parts that contractors would provide to  
23 Ameren Missouri at the completion of each project. There are capital contingency spares

Rebuttal Testimony of  
Paul K. Amenthor

1 (PV modules, MV cables), operational spares (inverters, power supplies) and substation spares  
2 (station post insulators).

3 Q. Does Ameren Missouri anticipate keeping a level of inventory on hand for these  
4 solar projects?

5 A. Yes. It is anticipated that inventory will be kept on hand for each of the solar  
6 facilities in the following amounts:

<b>Solar Facility</b>	<b>Inventory Amount</b>
Split Rail	\$1,750,000
Cass County	\$1,000,000
Bowling Green	\$500,000
Vandalia	\$500,000

7 Q. Does this conclude your Rebuttal testimony?

8 A. Yes, it does.

**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 Certificates of        )  
Public Convenience and Necessity Authorizing    )  
it to Construct Renewable Generation Facilities    )            Case No. EA-2023-0286

**AFFIDAVIT OF PAUL K. AMENTHOR**

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

**COMES NOW PAUL K. AMENTHOR** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Paul K. Amenthor*; and that the same is true and correct according to his best knowledge and belief.

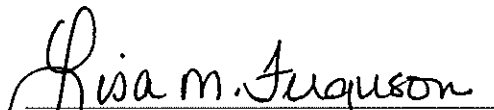
Further the Affiant sayeth not.

  
**PAUL K. AMENTHOR**

**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 11<sup>th</sup> day of October 2023.

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

**Paul K. Amenthor**

**EDUCATIONAL BACKGROUND AND EXPERIENCE**

In December of 2016, I graduated from Southern Illinois University Edwardsville with a Bachelor of Science in Accounting. I have also earned a Bachelor of Science in Economic and Management with an emphasis in Accounting Sciences from the University of Lomé, Togo in June of 2007.

I commenced employment with the Missouri Public Service Commission as Utility Regulatory Auditor in September 2017. As a Utility Regulatory Auditor, I am responsible in part, for assisting with the audit and examination of the books and records of utility companies operating within the State of Missouri and sponsoring testimony as an expert witness in Commission proceedings.

Prior to employment with the Commission, I worked with Walmart from June 2011 to August 2017, as an Inventory Management Associate. In this position, I was primarily responsible for ensuring the accuracy of on-hand inventory in the warehouse.

I also worked with Lee Enterprises (Lee Finance) from March 2017 to August 2017 as a Circulation Accounting Clerk. In this position, I was primarily responsible for processing customers' remittances, invoices, and accounts deposits. I also provided support for senior staff with each end of month closing.

**Paul Amenthor**

**CASE PARTICIPATION**

<b><u>Company Name</u></b>	<b><u>Case No.</u></b>	<b><u>Issues</u></b>
Confluence Rivers (Water and Sewer)	WR-2023-0006 SR-2023-0007	Electric Expense, Chemical Expense, Operating Revenue, Miscellaneous Revenue, Uncollectible Expense, Water Losses, Water Expense
Ameren Missouri (Electric)	ER-2022-0337	Payroll & Related Payroll Taxes Employee Benefits.
Spire-Investor (Gas)	GR-2022-0179	Prepayments, Customer Deposits, Customer Advances, Rents and Leases Expense, Materials & Supplies, Plant In Service and Depreciation Reserve, Injuries & Damages, PSC Assessment, Insurance Expense, Line Locating Costs, Fuel Expense, Software and IT Costs, Capitalized O&M Depreciation, Natural Gas Inventory
Ameren Missouri (Electric)	ER-2021-0240	Payroll & Related Payroll Taxes Employee Benefits, Employee Relocation Expenses MEEIA Test Year Labor and Non- Labor Expenses Non-Labor Power Plant maintenance Severance costs Permanent Cleaning procedures Call Center Costs Cybersecurity, software OPEB, Pension & trackers , SERP Non-qualified expense External Audit fees
Ameren Missouri (Gas)	GR-2021-0241	Payroll & Related Payroll Taxes Employee Benefits, Employee Relocation Expenses Non-Labor Distribution maintenance Severance costs Permanent Cleaning procedures Call Center Costs Cybersecurity, software OPEB, Pension & trackers , SERP Non-qualified pension expense External Audit fees

**Paul K. Amenthor**

<u>Company Name</u>	<u>Case No.</u>	<u>Issues</u>
Missouri American Water Company (Water)	WR-2020-0344	Leases (Rents and Transportation), Rate Case Expense, Telecommunication Expense
Ameren Missouri (Electric)	ER-2019-0335	Payroll & Related Payroll Taxes Employee Benefits, Employee Relocation Expenses MEEIA Test Year Labor and Non-Labor Expenses Callaway Refueling OT Labor and non-Labor Real & Property Taxes Non-Labor Power Plant maintenance Dues & Donations Miscellaneous Expenses Severance costs
Ameren Missouri (Electric)	EA-2019-0371	CCN Filing
Ameren Missouri (Gas)	GR-2019-0077	<b>Rate Base Items:</b> Prepayments, customer advances, customer deposits, Plant in service, Accumulated Reserve, natural gas inventories, materials and supplies <b>Revenues:</b> Customer Growth/seasonality, Removal of GRT, PGA, Unbilled Revenue, Provision for Rate Refunds, and Other Revenues <b>Expenses:</b> Uncollectible Expense, Capitalized depreciation, Non Labor Distribution Maintenance, and Interest on Customer Deposits Filed Direct, Surrebuttal/True-Up
Liberty Midstates Natural Gas (MNG)	GR-2018-0013	Advertising, Miscellaneous expenses, Insurance expense, regulatory expense, Environmental expense, Dues and Donations  Filed Direct, Surrebuttal/True-Up