

## Exhibit No. 223

Commission Staff – Exhibit 223  
Kimberly K. Bolin  
Surrebuttal Testimony  
File Nos. ER-2021-0240 & GR-2021-0241

*Exhibit No.:*

*Issue(s):* Property Taxes,  
Equity Issuance Costs,  
Normalization of  
COVID-19 Costs,  
Allocations, AMI Software

*Witness:* Kimberly K. Bolin

*Sponsoring Party:* MoPSC Staff

*Type of Exhibit:* Surrebuttal Testimony

*Case No.:* ER-2021-0240

*Date Testimony Prepared:* November 5, 2021

**MISSOURI PUBLIC SERVICE COMMISSION**

**FINANCIAL & BUSINESS ANALYSIS DIVISION**

**AUDITING DEPARTMENT**

**SURREBUTTAL TESTIMONY**

**OF**

**KIMBERLY K. BOLIN**

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

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

*Jefferson City, Missouri  
November 2021*

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**SURREBUTTAL TESTIMONY**  
**OF**  
**KIMBERLY K. BOLIN**  
**UNION ELECTRIC COMPANY,**  
**d/b/a Ameren Missouri**  
**CASE NO. ER-2021-0240**

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**SURREBUTTAL TESTIMONY**

**OF**

**KIMBERLY K. BOLIN**

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

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

Q. Please state your name and business address.

A. My name is Kimberly K. Bolin. My business address is P. O. Box 360, Suite 440, Jefferson City, MO 65102.

Q. Are you the same Kimberly Bolin that contributed to the Missouri Public Service Commission Staff’s (Staff) Cost of Service Report (Staff Report) that was filed on September 3, 2021 in this case?

A. Yes, I am.

**EXECUTIVE SUMMARY**

Q. What is the purpose of your testimony?

A. In this testimony, I address Ameren Missouri witness Mitchell Lansford’s rebuttal testimony concerning property taxes, and equity issuance costs. I address Staff’s corrections to Staff’s normalized costs impacted by COVID-19 and Staff’s allocation of service company costs based upon information provided by Ameren Missouri witness Mitchell Lansford. I also address Ameren Missouri witness Laura Moore’s rebuttal testimony concerning Advanced Metering Infrastructure (AMI) software.

1 **PROPERTY TAXES**

2 Q. On pages 5 and 6 of Ameren Missouri witness Mitchell Lansford's rebuttal  
3 testimony he asserts if the Commission chooses to include property taxes relating to the  
4 Meramec Energy Center in the proposed tracker, then property taxes in this case should be  
5 calculated differently than how property taxes were calculated by both Staff and Ameren  
6 Missouri in their direct filings for this case. Does Staff agree that property taxes need to be  
7 calculated differently because of the tracker?

8 A. No. Staff witness Lisa M. Ferguson discusses further in her surrebuttal that a  
9 different calculation of property taxes is not necessary if the Commission orders the proposed  
10 Meramec Energy Center tracker and is not at odds with Staff's property tax calculation.

11 Q. How did Ameren Missouri calculate property taxes in their direct filing in  
12 this proceeding?

13 A. Ameren Missouri used the most recent amounts paid as the amount of property  
14 taxes in the cost of service.

15 Q. Has Ameren Missouri ever proposed inclusion of an amount of property taxes  
16 using the 2020 tax rate multiplied by the 2021 assessed value as a method to calculate  
17 property taxes?

18 A. Yes. In Case No. ER-2012-0166, Ameren Missouri proposed two methods for  
19 calculating property tax; one method was to apply the 2011 property tax rates to the actual 2012  
20 assessed value and the other method proposed by Ameren Missouri was to assume the tax rate  
21 would increase by eleven percent from the actual 2011 tax rates and apply this percentage to  
22 the 2012 assessed values.

Surrebuttal Testimony of  
Kimberly K. Bolin

1 Q. What did Staff recommend in that case?

2 A. Staff recommended using the actual amount of property tax paid during the  
3 test year.

4 Q. What did the Commission decide in regards to property tax expense in that case?

5 A. The Commission determined that the actual amount paid during the test year was  
6 proper to use. This is also Staff's recommendation for property tax in this proceeding.

7 Q. Is it appropriate in this case to use the method that Ameren Missouri advocates  
8 for the first time in its rebuttal testimony?

9 A. Not for this case. Staff has used this method in other cases for other utilities, but  
10 the approach is not as simple as merely using the most recent tax rate and applying it to assessed  
11 plant valuations as Ameren Missouri portrays the calculation. Staff has to consider any special  
12 tax arrangements made with various counties, the historical tax rates and any discernable trends  
13 with the historical tax rates, any possible appealed tax amounts and recovery of property taxes  
14 through other rate mechanisms.

15 Q. In witness Lansford's rebuttal testimony, he claims Staff is inconsistent in  
16 calculating property taxes. He references Case No. ER-2019-0374 (The Empire District  
17 Electric Company) and Case No. GR-2021-0108 (Spire Missouri) as an example. In those  
18 cases, did both companies propose to use actual property tax paid?

19 A. No, in both cases, the utility proposed using projected property taxes that were  
20 not based upon any historical data. In those cases, Staff determined it was more appropriate to  
21 use the most current tax ratio applied to the known and measurable plant in service.

22 Q. In both of the above cases, did Staff calculate property taxes as Ameren Missouri  
23 is suggesting in its rebuttal testimony?

1           A.     No. Staff used a ratio of plant-in-service as of January of the last year  
2 that property taxes were paid. For example in Case No. GR-2021-0108 Staff used a ratio of  
3 plant-in-service as of January 1 2020 and property taxes paid in 2020. The ratio was then applied  
4 to plant-in-service as of January 1, 2021. Ameren Missouri is proposing to use market and  
5 assessed valuations that may include amounts booked to construction work-in-progress, which  
6 should not be recover in rates.

7           Q.     Do either The Empire District Electric Company or Spire Missouri collect  
8 property taxes through a Renewable Energy Standard Rate Adjustment Mechanism (RESRAM)  
9 like Ameren Missouri?

10          A.     No.

11          Q.     Does Ameren Missouri currently recover property taxes through the RESRAM?

12          A.     Yes. For example, property taxes for Ameren Missouri's newly constructed  
13 wind farms qualify for recovery under the RESRAM.

14        **EQUITY ISSUANCE COSTS**

15          Q.     Are equity issuance costs a part of capital investment?

16          A.     No. Equity issuance costs are costs incurred related to obtaining equity to  
17 finance capital investment, just like debt costs.

18          Q.     Are debt costs included in rate base?

19          A.     No.

20          Q.     Has Staff included an amortization of the equity issuance costs in Staff's cost of  
21 service?

22          A.     Yes. Staff has included an annual amortization of \$1,400,701. This is a  
23 five-year amortization.

1 Q. Does Ameren Missouri's proposal of including the equity issuance costs in rate  
2 base and the resulting longer recovery period for the costs increase the amount Ameren  
3 Missouri will ultimately recover?

4 A. Yes, if the equity costs are allowed to be included in rate base over a 28-year  
5 period, Ameren Missouri will earn a return on the equity issuance costs of \$6,883,908, which  
6 is almost as much as the total equity costs of \$7,003,504. So not only will Ameren Missouri  
7 recover the \$7,003,504, it would recover an additional \$6,883,908, if this treatment were  
8 allowed.

9 Q. If the Commission decides to include the equity issuance costs in rate base would  
10 Staff still recommend a five-year amortization of the costs?

11 A. Yes.

12 Q. Has the Commission ever ordered inclusion in rate base of stock issuance costs  
13 for major utilities in prior cases?

14 A. No, not to my knowledge. Staff consistently recommends recovery of these  
15 costs through an amortization to expense, similar to how Staff is proposing to treat these costs  
16 in this rate case.

17 **NORMALIZATION OF COVID-19 COSTS**

18 Q. In Ameren Missouri witness Lansford's rebuttal testimony on pages 12-14, he  
19 proposes to true-up costs impacted by COVID-19, such as exposure risk mitigation and personal  
20 protective equipment. Does Staff agree with this proposal?

21 A. Partially. Staff agrees the costs impacted by COVID-19 should be trued-up  
22 through September 31, 2021.



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1 Q. Does Staff agree with Ameren Missouri's adjustment amount?

2 A. No. During a meeting with Staff and Ameren Missouri, an error in Ameren  
3 Missouri's adjustment amount was identified. It is Staff's understanding that Ameren Missouri  
4 will also correct the error in its true-up. After correction of the error, Staff's total adjustment  
5 to test year expense should decrease the test year expense by \$\*\* [REDACTED] \*\*.

6 **ALLOCATIONS**

7 Q. On page 29 of Ameren Missouri witness Lansford's rebuttal testimony he states  
8 that Staff should have not applied the incremental change in allocation to gas operations to all  
9 administrative and general accounts. Does Staff agree?

10 A. Yes, Staff agrees with the Company's statement. Staff has reflected the correct  
11 adjustments in its true-up accounting schedules.

12 **ADVANCED METERING INFRASTRUCTURE (AMI) SOFTWARE**

13 Q. Ameren Missouri witness Laura Moore states on page 21 of her rebuttal  
14 testimony that if the deferral of the AMI software costs is not approved in the gas case (Case  
15 No. GR-2021-0241) then the electric rate base would need to increase by the amount that  
16 Ameren Missouri allocated to its gas operations. Does Staff agree?

17 A. No. The AMI software was installed with the purpose of serving both electric  
18 and eventually gas customers. Ameren Missouri recognized this and properly allocated part of  
19 the AMI software to its gas operations. To allocate all of the costs to the electric operations is  
20 not accurate since part of the AMI software will eventually be used by the gas operations.

21 Q. Do you agree with witness Moore's statement that Ameren Missouri could have  
22 included the gas allocated costs in the gas revenue requirement?

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Kimberly K. Bolin

1           A.     No. The AMI software is not used and useful in providing service to the gas  
2 customers at this point in time and, therefore, it should not be included in the revenue  
3 requirement in the gas rate case, Case No. GR-2021-0241.

4           Q.     In witness Moore's rebuttal testimony she states there is a second aspect to the  
5 matching principle that "matches costs with benefits so that ratepayers that enjoy the benefits  
6 of utility property also bear the costs." After the AMI software costs are completely amortized,  
7 is it possible that Ameren Missouri will still be using the software and ratepayers will be  
8 enjoying the benefits of said software?

9           A.     Yes. It is possible that the software will be fully amortized but continue to be  
10 used and useful.

11          Q.     Does this conclude your surrebuttal testimony?

12          A.     Yes.

**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 KIMBERLY K. BOLIN**

STATE OF MISSOURI        )  
                                      )  
COUNTY OF COLE         )        ss.

**COMES NOW KIMBERLY K. BOLIN**, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony of Kimberly K. Bolin*; and that the same is true and correct according to her best knowledge and belief.

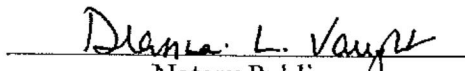
Further the Affiant sayeth not.

  
KIMBERLY K. BOLIN

**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.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2023  
Commission Number: 15207377

  
Notary Public