

Exhibit No. 227

Exhibit No.:
Issue: Depreciation
Witness: Cedric E. Cunigan, PE
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: ER-2021-0240
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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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**TABLE OF CONTENTS OF
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OF
CEDRIC E. CUNIGAN, PE
UNION ELECTRIC COMPANY,
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RESPONSE TO AMEREN MISSOURI REGARDING CHOICE OF SURVIVAL CURVES 1
RESPONSE TO OPC REGARDING DEPRECIATION RATE2

Surrebuttal Testimony of
Cedric E. Cunigan

1 earlier stages.¹ 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 Staff².

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 \$1,082,063,490.³ 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.⁴

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

¹ Rebuttal Testimony of John J. Spanos page 3 lines 13-15.

² Rebuttal Testimony of Cedric E. Cunigan, PE pages 6-11.

³ Rebuttal Testimony of John J. Spanos, page 10, lines 16-17.

⁴ 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.⁵ 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.

⁵ Rebuttal Testimony of John A. Robinett page 5, lines 2-12.

