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Management Expense
Conner/Rebuttal
Public Counsel
ER-2019-0335

REBUTTAL TESTIMONY

OF

AMANDA C. CONNER

Submitted on Behalf of the Office of the Public Counsel

UNION ELECTRIC COMPANY
D/B/A AMEREN MISSOURI

FILE NO. ER-2019-0335

January 21, 2020

OPC Exhibit No. 212
Date 3/4/20 Reporter JMB
File No. ER-2019-0335

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF THE MISSOURI

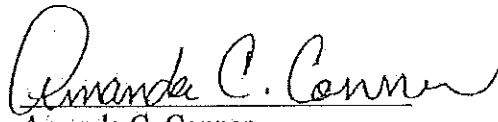
In the Matter of the Union Electric Company d/b/a)
Ameren Missouri's Tariffs to Decrease Its) File No. ER-2019-0335
Revenues for Electric Service)

AFFIDAVIT OF AMANDA C. CONNER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Amanda C. Conner, of lawful age and being first duly sworn, deposes and states:


1. My name is Amanda C. Conner. I am a Public Utility Accountant I for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.


Amanda C. Conner
Public Utility Accountant I

Subscribed and sworn to me this 21st day of January 2020.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2021
Coko County
Commission #13764037


Jerene A. Buckman
Notary Public

My Commission expires August 23, 2021.

TABLE OF CONTENTS

Testimony	Page
Introduction	1
Rate Case Expense	1
Management Expense Charges	2

REBUTTAL TESTIMONY
OF
AMANDA C CONNER
UNION ELECTRIC COMPANY
d/b/a AMEREN MISSOURI
CASE NO. ER-2019-0335

I. INTRODUCTION

Q. Please state your name and business address.

A. Amanda C. Conner, P.O. Box 2230, Jefferson City, Missouri 65102.

Q. Are you the same Amanda Conner who filed direct testimony in this case?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. My testimony addresses the direct testimony on rate case expense filed by Staff's witness Paul K. Amenthor, and an update on management expenses.

II. RATE CASE EXPENSE

Q. Do you agree with Mr. Amenthor's normalization of rate case expense?

A. Yes. I find a two-year normalization of rate case expense to be fair and reasonable.

Q. On page 93, starting at line 18, of his testimony, Mr. Amenthor agrees with Ameren Missouri's (Ameren) position that Ameren recover the cost of the 2014 Depreciation Study through rates. Do you agree?

A. No. As I stated in my direct testimony, the 2014 Depreciation Study is in rates already. Since Staff is doing a two-year normalization of Ameren's rate case expense, it is usually acceptable

1 to believe that Staff foresees Ameren coming in for a rate case within the next two years.
2 Therefore, there is no reason to allow a five-year amortization for the 2014 Depreciation
3 Study, that will more than likely be paid in full before the rates for this rate case go into effect,
4 when a rate case is filed within the next two years. Accepting Ameren's cost recovery position
5 has ratepayers paying for both the 2014 Depreciation Study and the 2019 Depreciation Study
6 in the next rate case. It is unreasonable to require ratepayers to pay for both a new
7 Depreciation Study, along with one they have already paid for through rates the last five years.
8

9 III. MANAGEMENT EXPENSE CHARGES

10 **Q. Do you have enough data to form an opinion on Ameren's expenses charged by**
11 **managers and officers?**

12 **A. Yes.**

13 **Q. What concerns do you have while conducting this audit?**

14 **A. Ameren has posted many charges that are better suited to other FERC accounts. They have**
15 **a lot of clearing accounts for which Ameren has not cleared¹. OPC sent data request 1232**
16 **requesting the lag period between an expense coming in unclassified and/or in a clearing**
17 **account to the time it is posted as a FERC account. Ameren's response was, "Overhead**
18 **costs are generally accumulated in clearing accounts. Clearing accounts are generally**
19 **cleared or distributed either on a monthly basis if expense-related or as capital projects are**
20 **closed to plant in service if capital-related."**

¹ In the USOA FERC Electronic Code of Federal Regulations, clearing accounts are treated as balances that shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a future period.

1 **Q. What accounts have had inappropriate charges posted to them?**

2 **A. In numerical order the FERC Accounts that have been misused are:**

3 1. 184 – Clearing Accounts

4 a. The rule for this account is that it is to be cleared within the calendar year

5 b. This account had charges totaling \$3,150 for the first quarter, which comes to
6 \$12,600 annual charges.

7 2. 374 – Asset retirement costs for distribution plant. Ameren informed OPC through a data
8 request that they use 374 as a clearing account for Capital Projects. Either way, these
9 charges should not be posted to this account. OPC witness Robert Schallenberg discusses
10 this issue in his testimony as well.

11 a. Since 374 is used as a clearing account, I am removing all charges, because they
12 should be posted to the account that the labor for the project is charged to. These
13 charges are for the calendar year of 2018, so any charges that are in a clearing
14 account should have already been cleared out.

15 b. This account had charges totaling \$355,482 for the first quarter, which comes to
16 \$1,421,787 annual charges.

17 3. 379 – This is not a FERC account, Ameren informed OPC that this account is Misc.
18 Overhead Costs/Gas Measuring Equipment. However, these expenses are still recorded
19 to 2018 and early 2019 expenses.

20 a. Since 379 is used as a clearing account, I am removing all charges, because they
21 should be posted to the account that the labor for the project is charged to. These
22 charges are for the calendar year of 2018, so any charges that are in a clearing
23 account should have already been cleared out.

1 b. This account had charges totaling \$7,965 for the first quarter, which comes to
2 \$31,860 annual charges.

3 4. 707 – This is not a FERC account, Ameren informed OPC that this account is a clearing
4 account. However, these expenses are still recorded to 2018 and early 2019 expenses.

5 a. Since 707 is used as a clearing account, I am removing all charges, because they
6 should be posted to the account that the labor for the project is charged to. These
7 charges are for the calendar year of 2018, so any charges that are in a clearing
8 account should have already been cleared out.

9 b. This account had charges totaling \$59,204 for the first quarter, which comes to
10 \$236,814 annual charges.

11 5. The remaining accounts have expenses for the following:

12 a. Local meals and meeting food and supplies expenses

13 b. Meals and supplies for celebrations

14 i. Example, there was a \$400 charge to FERC account 506 at Country Café
15 for Retirement Recognition for two Ameren Employees.

16 c. Travel and meals for lobbying groups' events

17 i. This includes trips to Europe and Canada

18 d. Gifts and rewards

19 e. There have also been several charges that have not been charged to the correct
20 account. For example, there are meals posted to FERC account 502, an operations
21 account for meal charges. This account does not include meals or transportation.

22 **Q. Does this mean that you have no problems with the charges so long as they are**
23 **accounted for in the proper accounts?**

1 A. Maybe. There are at least 102 charges totaling \$10,527.93 that I may consider allowable
2 charges that are posted to the wrong accounts.
3

4 Q. Since your direct testimony, has your adjustment changed?

5 A. Yes, I have made the following adjustments to my direct testimony disallowance of
6 \$1,306,291. The table below shows my updated my audit:

Account	1st Quarter Total	Annual Total	1st Quarter Disallowance	Annual Disallowance
120	\$675	\$2,702	\$675	\$2,702
183	\$1,807	\$7,228	\$0	\$0
184	\$3,150	\$12,600	\$3,150	\$12,600
331	\$288	\$1,150	\$0	\$0
374	\$355,482	\$1,421,926	\$355,447	\$1,421,787
379	\$7,965	\$31,860	\$7,965	\$31,860
384	\$52,284	\$209,135	\$2,247	\$8,987
392	\$6,684	\$26,735	\$0	\$0
417	\$270	\$1,080	\$0	\$0
418	\$380	\$1,520	\$380	\$1,520
426	\$25,855	\$103,422	\$0	\$0
502	\$7,469	\$29,876	\$200	\$798
506	\$72,508	\$290,033	\$22,129	\$88,518
510	\$1,741	\$6,963	\$1,739	\$6,956
512	\$7,630	\$30,519	\$0	\$0
514	\$69,415	\$277,658	\$6,938	\$27,753
517	\$9,017	\$36,069	\$7,547	\$30,187
524	\$260,708	\$1,042,832	\$70,727	\$282,906
529	\$3,524	\$14,097	\$223	\$891
530	\$915	\$3,659	\$915	\$3,659
531	\$39,747	\$158,989	\$815	\$3,261
532	\$49,461	\$197,845	\$3,068	\$12,274
539	\$64,293	\$257,173	\$5,276	\$21,105
541	\$280	\$1,119	\$0	\$0
542	\$511	\$2,043	\$0	\$0
543	\$1,370	\$5,480	\$1,370	\$5,480
545	\$56,435	\$225,739	\$130	\$520

Rebuttal Testimony of
Amanda C Conner
Case No. GR-2019-0355

546	\$2,255	\$9,019	\$298	\$1,192
548	\$5,678	\$22,711	\$154	\$616
549	\$120	\$479	\$0	\$0
552	\$180	\$722	\$170	\$679
553	\$75,622	\$302,489	\$3,182	\$12,729
554	\$334	\$1,334	\$0	\$0
557	\$169,160	\$676,638	\$30,198	\$120,792
566	\$8,946	\$35,785	\$3,108	\$12,430
568	\$4,600	\$18,401	\$0	\$0
569	\$221	\$882	\$0	\$0
570	\$1,848	\$7,391	\$0	\$0
580	\$32,279	\$129,114	\$4,676	\$18,704
581	\$368	\$1,474	\$0	\$0
582	\$3,821	\$15,286	\$1,052	\$4,210
583	\$73	\$292	\$73	\$292
585	\$16	\$62	\$0	\$0
586	\$22,742	\$90,967	\$109	\$435
587	\$260	\$1,040	\$0	\$0
588	\$268,024	\$1,072,095	\$58,597	\$234,387
590	\$25,214	\$100,857	\$1,360	\$5,440
591	\$163	\$653	\$0	\$0
592	\$130,079	\$520,316	\$2,188	\$8,753
593	\$27,355	\$109,420	\$5,141	\$20,563
598	\$11,368	\$45,471	\$0	\$0
707	\$59,204	\$236,814	\$59,204	\$236,814
903	\$1,532	\$6,129	\$1,096	\$4,383
908	\$6,204	\$24,814	\$4,038	\$16,152
908EED	\$8,149	\$32,597	\$0	\$0
910	\$95,057	\$380,228	\$17,471	\$69,884
912	\$6,423	\$25,691	\$1,721	\$6,885
916	\$15	\$58	\$15	\$58
921	\$102,310	\$409,241	\$39,715	\$158,860
923	\$827	\$3,307	\$0	\$0
925	\$16,461	\$65,845	\$2,519	\$10,074
930	\$12,365	\$49,462	\$6,641	\$26,564
935	\$41,231	\$164,923	\$12,222	\$48,886
Total	\$2,240,365	\$8,961,462	\$745,886	\$2,983,545

1 As shown in the table above, the total disallowance of management expense is \$2,983,545,
2 which shows Ameren's inappropriate charges are 33.29% of the total charges made by
3 Ameren's officers and managers. I have separated the total disallowance by each account
4 in which Ameren posted charges made by managers and officers that should be removed
5 from the Cost of Service accordingly. I have attached this as schedule ACC-D-1.

6 **Q. What concerns do you have regarding this analysis?**

7 A. This audit has brought up questions regarding Ameren's internal controls. Though some
8 charges may have been prudent charges, due to the accounts where Ameren posted these
9 charges, I could not accept these as proper charges to be included in rates.

10 **Q. Does this conclude your direct testimony?**

11 A. Yes, it does.

**UNION ELECTRIC D/B/A AMEREN MISSOURI
ER-2019-0335**

Source: DR1211

Management Expenses

Prepared By: Amanda C. Conner

Totals as of Rebuttal Filing

Account	Ist Quarter Total	Annual Total	Ist Quarter Disallowance	Annual Disallowance	Total Expenses	Total Disallowance	Difference
120	\$675	\$2,702	\$675	\$2,702	\$8,961,462	\$2,983,545	33.29%
183	\$1,807	\$7,228	\$0	\$0			
184	\$3,150	\$12,600	\$3,150	\$12,600			
331	\$288	\$1,150	\$0	\$0			
374	\$355,482	\$1,421,926	\$355,447	\$1,421,787			
379	\$7,965	\$31,860	\$7,965	\$31,860			
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