

Exhibit No.:
Issues: Construction Accounting
Witness: Greg R. Meyer
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Midwest Energy Consumers Group
Case No.: EA-2024-0237
Date Testimony Prepared: September 13, 2024

**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) **CASE NO. EA-2024-0237**
OF PUBLIC CONVENIENCE AND)
NECESSITY AUTHORIZING IT TO)
CONSTRUCT A SIMPLE CYCLE)
NATURAL GAS GENERATION)
_____)

Rebuttal Testimony of
Greg R. Meyer

On behalf of
Midwest Energy Consumers Group

September 13, 2024



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NATURAL GAS GENERATION)

CASE NO. EA-2024-0237

STATE OF MISSOURI)

COUNTY OF ST. LOUIS)

SS

Affidavit of Greg R. Meyer

Greg R. Meyer, being first duly sworn, on his oath states:

1. My name is Greg R. Meyer. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by the Midwest Energy Consumers Group in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony, which was prepared in written form for introduction into evidence in Missouri Public Service Commission, Case No. EA-2024-0237.

3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things that it purports to show.



Greg R. Meyer

Subscribed and sworn to before me this 13th day of September, 2024.





Notary Public

1 **Q WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

2 A My Rebuttal Testimony will address certain conditions that should be adopted by the
3 Missouri Public Service Commission (“Commission”) in granting Ameren Construction
4 Accounting (“CA”) for the Castle Bluff Energy Center Project (“Project”).

5 **Q WHEN IS THE PROJECT PROJECTED TO BE IN-SERVICE?**

6 A According to the Direct Testimony of Ameren witness Mitchell Lansford the Project is
7 anticipated to be in-service by the end of October 2027.

8 **Q PLEASE DISCUSS CA AS YOU UNDERSTAND IT.**

9 A CA is the ability to defer depreciation expense and a rate of return on an investment
10 from the time it is placed in-service until the time it is reflected in customer rates. CA
11 completely eliminates regulatory lag for that particular investment.

12 **Q HOW DOES THE SPECIAL ACCOUNTING RELATE TO CUSTOMERS’ RATES?**

13 A In Missouri, when the Commission sets electric rates, it looks at all relevant factors
14 within a specific timeframe (called a “test year”) to take into account all relevant costs
15 and offsetting revenues. Setting rates in this way follows the matching principal. The
16 deferral of costs from one period to another period for the development of a revenue
17 requirement in a later rate case violates the traditional method of setting rates and
18 should be done only in infrequent and “extraordinary” (as defined in the Uniform System
19 of Accounts) circumstances. CA is a form of a single-issue ratemaking that distorts the
20 normal balance and full review that occurs in a rate case.

Greg R. Meyer
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1 **Q DO YOU BELIEVE A UTILITY HAS ANY RESPONSIBILITIES TO PROVIDE**
2 **ADDITIONAL INFORMATION BEFORE RECEIVING CA?**

3 A Yes. I believe a utility seeking to get CA should be required to show that the project is
4 “extraordinary” and that the utility cannot file a timely rate case request that includes
5 the new investment in rate base. In this case it appears that Ameren Missouri
6 (“Ameren”) is arguing for the inclusion of CA for the time period between the Project’s
7 in-service date and the date new rates are effective from a subsequent rate case. I
8 premise that belief from a review of Mr. Lansford’s Direct Testimony wherein he states
9 the following:

10 The Castle Bluff Project is anticipated to be constructed and placed in
11 service by the end of October 2027. However, it is impossible to time a
12 rate review to begin recovering an investment at the time it goes into
13 service. The minimum time period between the true-up date in a rate
14 review and the effective date of new rates has historically been
15 approximately five months. This means that there will be a lag between
16 the in-service date (when AFUDC is traditionally no longer accrued on
17 the Company’s books) and the time when new customer rates become
18 effective that are based on a revenue requirement that includes the
19 Company’s investments in the Castle Bluff Project.

20 I would also argue that CA should only be granted for large construction
21 projects. Normal construction projects should not be allowed CA.

22 **Q IN THIS CASE, PLEASE DESCRIBE WHAT AMEREN IS REQUESTING FOR CA.**

23 A Ameren is requesting deferral of depreciation expenses and to continue to accrue
24 Allowance for Funds Used During Construction (“AFUDC”) on the Project until the
25 Project is included in customer rates.

26 **Q ARE YOU SUPPORTIVE OF CA FOR THE PROJECT?**

27 A Yes, I am with certain conditions.

1 Q DO YOU BELIEVE AMEREN CAN FILE A RATE CASE THAT WILL ALLOW THE
2 PROJECT TO BE INCLUDED IN RATES WITH MINIMAL CA EXPOSURE?

3 A Yes. Ameren has a rate case currently being processed at the Commission. Ameren
4 filed its current rate case, Case No. ER-2024-0319, on July 1, 2024. Therefore, the
5 rates from that rate case should be effective on or before June 1, 2025. Between
6 June 1, 2025 and the in-service date of the Project, October 2027, Ameren should have
7 sufficient time to prepare and file its next rate case that would include the recovery of
8 the Project in customers' rates with minimum CA exposure.

9 Q IN THE NEXT RATE CASE, HOW WOULD YOU SEE THE PROJECT BEING
10 COMPLETED AND INCLUDED IN CUSTOMER RATES WITH MINIMUM CA
11 EXPOSURE?

12 A I would propose that Ameren time the filing of its next rate case such that the Project
13 in-service date falls within the true-up period. In this way, the Project would be included
14 in rate base and reflected in customer rates.

15 Q ARE THERE CERTAIN REGULATORY CONDITIONS THAT SHOULD BE AGREED
16 TO FOR THE PROJECT?

17 A. Yes. I believe the time period from the true-up date until the rate effective period in the
18 rate case should be used by the Commission Staff ("Staff") to complete its in-service
19 criteria review.

20 I also believe that a prudence review of the construction costs should be
21 delayed until Ameren's next rate case after the Project's inclusion in rate base. In this
22 way, the Staff and any other interested party will have ample time to audit the

1 construction costs of the Project and propose any adjustments based on that Party's
2 construction audit.

3 **Q YOU MENTIONED EARLIER THAT CERTAIN CONDITIONS SHOULD**
4 **ACCOMPANY THE APPROVAL OF CA FOR THE PROJECT. PLEASE DISCUSS**
5 **THOSE CONDITIONS.**

6 A I have listed the conditions I would propose for allowing CA on this project below.

- 7 ➤ The CA period be no longer than six months;
- 8 ➤ There needs to be surveillance reporting during the CA period;
- 9 ➤ Once the plant is in rates, no additional dollars should be added to the CA balances;
10 and
- 11 ➤ The unamortized CA balance should not be allowed to earn a rate of return while
12 being collected from ratepayers.

13 I will discuss each of these conditions next in my testimony.

14 **Q PLEASE DISCUSS WHY THE CA PERIOD SHOULD BE LIMITED TO SIX MONTHS.**

15 A I believe a six-month CA period is sufficient to address the concerns of Mr. Lansford
16 related to regulatory lag. By closely monitoring the construction schedule and promptly
17 filing a rate proceeding, Ameren can minimize the CA exposure faced by the
18 Company's customers. Ameren has a duty to the customers to limit the cost to
19 customers while also meeting the demands of its shareholders for proper rate recovery
20 of prudent investments. A timely and prompt rate filing will allow the Company to meet
21 both of these responsibilities.

1 **Q PLEASE DISCUSS YOUR SURVEILLANCE REPORTING REQUIREMENT.**

2 A I believe Ameren should be required to submit surveillance reports during the period
3 that Ameren is seeking CA. In this way, customers are assured that Ameren is not
4 overearning during the same period of time that it is deferring depreciation and AFUDC
5 on the Project. Without surveillance reporting, Ameren's customers may be paying
6 excessive rates (Ameren overearning) while also being required to eventually fund CA.
7 This hardly seems fair to Ameren's ratepayers. If Ameren is overearning during the CA
8 period, then those overearnings should be used to reduce the CA costs.

9 **Q PLEASE DISCUSS WHY THE CA BALANCE SHOULD BE SET ONCE THE**
10 **PROJECT IS IN RATES.**

11 A Since CA is a special accounting mechanism, the Commission and parties in this case
12 will benefit from having certainty on when project costs are no longer eligible to be
13 included in the CA balance.

14 **Q FINALLY, PLEASE DISCUSS THE CONCEPT THAT THE CA BALANCE SHOULD**
15 **NOT EARN A RATE OF RETURN DURING THE COLLECTION PERIOD OF THE CA**
16 **COSTS.**

17 A While I acknowledge that the Commission may wish to deal with this topic in the context
18 of the next rate case, I think it is important to at least consider it briefly in this case. The
19 CA balance includes a return for the period beginning with the in-service date up to the
20 time when rate recovery begins. At the time rate recovery begins, the Company will be
21 earning a rate on the net book value of the Project and recovering the return previously
22 accrued for under CA. Therefore, the Company will be earning a return from the

1 moment the project goes into service without a gap and it would be unfair to customers
2 to be asked to pay a return on a return.

3 **Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY/**

4 **A** Yes, it does.

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Qualifications of Greg R. Meyer

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Greg R. Meyer. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 **Q PLEASE STATE YOUR OCCUPATION.**

5 A I am a consultant in the field of public utility regulation and a Senior Principal with the
6 firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory
7 consultants.

8 **Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

9 A I graduated from the University of Missouri in 1979 with a Bachelor of Science Degree
10 in Business Administration, with a major in Accounting. Subsequent to graduation I was
11 employed by the Missouri Public Service Commission. I was employed with the
12 Commission from July 1, 1979 until May 31, 2008.

13 I began my employment at the Missouri Public Service Commission as a Junior
14 Auditor. During my employment at the Commission, I was promoted to higher auditing
15 classifications. My final position at the Commission was an Auditor V, which I held for
16 approximately ten years.

17 As an Auditor V, I conducted audits and examinations of the accounts, books,
18 records and reports of jurisdictional utilities. I also aided in the planning of audits and
19 investigations, including staffing decisions, and in the development of staff positions in
20 which the Auditing Department was assigned. I served as Lead Auditor and/or Case
21 Supervisor as assigned. I assisted in the technical training of other auditors, which
22 included the preparation of auditors' workpapers, oral and written testimony.

1 During my career at the Missouri Public Service Commission, I presented
2 testimony in numerous electric, gas, telephone and water and sewer rate cases. In
3 addition, I was involved in cases regarding service territory transfers. In the context of
4 those cases listed above, I presented testimony on all conventional ratemaking
5 principles related to a utility's revenue requirement. During the last three years of my
6 employment with the Commission, I was involved in developing transmission policy for
7 the Southwest Power Pool as a member of the Cost Allocation Working Group.

8 In June of 2008, I joined the firm of Brubaker & Associates, Inc. as a Consultant.
9 Since joining the firm, I have presented testimony and/or testified in the state
10 jurisdictions of Arkansas, Florida, Idaho, Illinois, Indiana, Iowa, Kentucky, Maryland,
11 Missouri, Montana, New Mexico, Ohio, Utah, Washington, Wisconsin and Wyoming. I
12 have also appeared and presented testimony in Alberta and Nova Scotia, Canada. In
13 addition, I have filed testimony at the Federal Energy Regulatory Commission
14 ("FERC"). These cases involved addressing conventional ratemaking principles
15 focusing on the utility's revenue requirement. The firm Brubaker & Associates, Inc.
16 provides consulting services in the field of energy procurement and public utility
17 regulation to many clients including industrial and institutional customers, some utilities
18 and, on occasion, state regulatory agencies.

19 More specifically, we provide analysis of energy procurement options based on
20 consideration of prices and reliability as related to the needs of the client; prepare rate,
21 feasibility, economic, and cost of service studies relating to energy and utility services;
22 prepare depreciation and feasibility studies relating to utility service; assist in contract
23 negotiations for utility services, and provide technical support to legislative activities.

24 In addition to our main office in St. Louis, the firm also has branch offices in
25 Corpus Christi, Texas; Louisville, Kentucky and Phoenix, Arizona.