

Exhibit No.:

Issue(s): *Non -Labor Software
Maintenance Cost,
Cybersecurity Expense,
Cash Working Capital,
Customer Convenience
Fees, Renewable
Solutions Program
Revenue and Expense,
Maryland Heights
Landfill Gas Expense,
New Solar Facility
Operation and
Maintenance Expense,
RESRAM*

Witness: *Paul K. Amenthor*

Sponsoring Party: *MoPSC Staff*

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Case No.: *ER-2024-0319*

Date Testimony Prepared: *December 3, 2024*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS DIVISION

AUDITING DEPARTMENT

DIRECT TESTIMONY

OF

PAUL K. AMENTHOR

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

CASE NO. ER-2024-0319

*Jefferson City, Missouri
December 2024*

**** Denotes Confidential Information ****

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PAUL K. AMENTHOR

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

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1 **CUSTOMER CONVENIENCE FEES**

2 Q. What is the Customer Convenience Fee?

3 A. Ameren Missouri incurs fees from various companies or third-party vendors to
4 process customers payments. ACI Payments, Inc. (“ACI”) is its current service provider.
5 These fees are built into rates, therefore customers who opt to use these payment options are
6 not separately charged.

7 Q. How did Staff account for customer convenience fees?

8 A. Staff reviewed historical data of the number of credit card transactions from
9 July 2019 through July 2024. Staff also reviewed the third-party contract which included a price
10 change beginning July 1, 2024. Staff normalized the customer convenience fees by applying
11 the current price to the number of transactions that existed at the end of the test year. Staff will
12 review the convenience fees as part of its true-up audit, December 31, 2024.

13 **MARYLAND HEIGHTS ENERGY CENTER**

14 Q. Please describe the Maryland Heights Energy Center.

15 A. The Maryland Heights Renewable Energy Center began operations in 2012 and
16 is an 8 MW facility where methane gas from the nearby landfill is used to power combustion
17 turbine generators. Methane gas from landfills is considered a renewable resource for meeting
18 Ameren Missouri’s required Renewable Energy Standard (“RES”) requirement.¹
19 Therefore, methane fuel costs associated with the Maryland Heights Center are more
20 appropriately addressed in the RES Accounting Authority Order (“AAO”) deferral.
21 Staff witness Karen Lyons addresses the RES AAO.

¹ RSMo:section 393.1025

1 Q. What is Staff's proposed adjustment for the Maryland Heights Renewable
2 Energy Center?

3 A. Staff reviewed the historical fuel quantities from June 2020 through June 2024.
4 Staff also reviewed the methane fuel contract;² as part of the contract the fuel price gets updated
5 once a year in June. Staff annualized the fuel costs based on the fuel quantities during
6 the 12-months ending June 2024 multiplied by the current fuel price. Staff will review the fuel
7 cost as part of its true-up audit through December 31, 2024.

8 **CASH WORKING CAPITAL**

9 Q. What is cash working capital ("CWC")?

10 A. Cash Working Capital ("CWC") is the amount of cash necessary for a utility to
11 pay day-to-day expenses, which are incurred to provide service to its ratepayers. When a utility
12 must pay for an expense incurred to provide service to customers before it receives revenues
13 from its customers to pay for that service, then that amount of cash working capital must be
14 obtained from the utility investors. Investors earn a return on the funds provided and it is an
15 addition to rate base. When a utility receives revenues from its customers before it must pay
16 for certain expenses incurred to provide service, then the ratepayer has provided the utility with
17 cash working capital up front. Ratepayers in this case are compensated for their upfront
18 investment and it represents a reduction to rate base.

19 Q. How is CWC calculated?

20 A. CWC is determined using a lead/lag study. A lead/lag study compares the time
21 between when customers receive the service and their subsequent payment for the service and

² Staff Data Request MPSC 0198

1 the time between when utility incurs costs for providing that service and its subsequent payment
2 for these costs.

3 Q. Did Ameren Missouri perform a new lead/lag study for this case?

4 A. No. Ameren Missouri's most recent lead/lag study is less than five years old and
5 there have been no changes in operations that would impact the CWC lag times.
6 Ameren Missouri's most current lead/lag study examined cash transactions and invoices for
7 the 12-months ending December 31, 2020. Ameren Missouri has utilized this study since
8 its 2021 rate case, Case No. ER-2021-0240.

9 Q. Did Staff review the lead/lag study?

10 A. Yes. Staff reviewed the computation of lead/lags provided by Ameren Missouri
11 for accuracy and reasonableness. Staff accepted most of the lags, but recommends adopting the
12 payroll lag from Case No. ER-2021-0240 because there were no changes to Ameren Missouri
13 payroll lag since that case.

14 Q. Please explain.

15 A. Staff found during the 2021 case mentioned above, Ameren Missouri was
16 prepaying its management employees two days earlier, and that reduced the expense lead for
17 payroll. This resulted in a positive net lag that increased the overall CWC that is included in
18 rate base. Staff reset the lead time for the management payroll to zero.³ Staff learned through
19 Ameren Missouri's response to Data Request No. 510 in the current case that there was no
20 change to the management payroll lag. Since there was no change with how management
21 employees are paid, Staff recommends a payroll lag of 12.01 that is consistent with the payroll
22 lag adopted in Case No. ER-2021-0240.

³ Staff Direct Report Case ER-2021-0240, Page 54, Lines 3-22.

1 Q. Are there any other differences that Staff noted in Ameren Missouri's
2 proposed CWC lags?

3 A. Yes. Staff noted a minor difference in the sales tax lag, it went from 7.75 to 4.5,
4 but it was due to the fact that Ameren Missouri adopted Staff's position in
5 Case No. ER-2022-0337 case.

6 **NON-LABOR SOFTWARE MAINTENANCE COST**

7 Q. Please describe Ameren Missouri's software cost.

8 A. Ameren Missouri utilizes several software programs in its daily operations.
9 This software is utilized by multiple affiliates (Ameren Missouri, Ameren Illinois,
10 Ameren Transmission etc.) and their costs are allocated using an undivided joint
11 interest agreement.

12 Q. What is Staff's proposed adjustment for this cost?

13 A. Due to the size and volume of these contracts and agreements, Staff reviewed
14 sample contract agreements for the 12-months ending June 30, 2024. Staff recommends
15 adjustments to remove the cost associated with software contracts that expired during the
16 test year. Staff will continue to review this issue through the true-up cutoff date,
17 December 31, 2024.

18 **CYBERSECURITY COSTS**

19 Q. Please describe Ameren Missouri's Cybersecurity cost.

20 A. Ameren Missouri incurs expenses related to cyber security in order to protect its
21 infrastructure, as well as customers' and employees' sensitive data.

22 Q. What is Staff's recommended adjustment for this cost?

1 A. Staff reviewed Ameren Missouri’s historical cybersecurity costs from
2 January 2020 through June 2024. Staff recommends an adjustment based on 12-months ending
3 March 31, 2024. Staff removed certain costs related to alcohol purchases, non-taxable meals
4 and entertainment costs, membership dues, employee relocation expense, and individual
5 expenses. Staff will review these costs as part of its true-up audit through December 31, 2024.

6 **RENEWABLE SOLUTIONS PROGRAM REVENUE AND EXPENSE**

7 Q. What is the Renewable Solutions Program?

8 A. The Renewable Solutions Program (“RSP”) is a program that was approved as
9 part of Ameren Missouri’s application for a Certificate of Convenience and Necessity in
10 Case No. EA-2022-0245. The program will allow customers to subscribe and receive energy
11 from the renewable generation facilities in order to meet their individual sustainability goals.

12 Q. How does the program work?

13 A. Under the program, subscribers pay an extra charge apart from their regular
14 charges in order to receive renewable energy credits (“RECs”) from the generation facility.
15 The monthly amount customers pay is the net impact of a charge – the Renewable Resource
16 Charge - under which the customer pays a fixed monthly amount based on the kilowatts of
17 capacity to which they are subscribed, and a credit – the Renewable Benefits Credit⁴ – which
18 is based on the output of customers’ subscribed portion of the renewable resource
19 (determined as a pro rata share of total generation from the facility in the month based on the
20 share of the resource’s capacity that is dedicated to that customer’s subscription) in that month
21 multiplied by a tariffed rate. The difference of the charge and credit is expected to be a charge

⁴ Steven Wills Direct Testimony page 9

1 in most months, depending on the production of the resource, and will provide incremental
2 revenue for Ameren Missouri offsetting the need for some amount of additional base rate
3 revenues to pay toward covering the revenue requirement of the Program resources.⁵

4 Q. When does the program start?

5 A. The program is offered through the two new solar facilities: The Boomtown
6 Energy Center and Cass County Energy Center.⁶ (“Solar Facilities”) They are expected to be
7 in service prior to December 31, 2024, the true-up date in this case.

8 Q. What is the actual revenue from the program?

9 A. The solar facilities are expected to be in service by the true-up date so there is no
10 actual data at the time of this filing. However, Ameren Missouri expects that the program will
11 be fully subscribed, so it calculated a net revenue based on that assumption:
12 ** [REDACTED] ** for Boomtown and Cass County respectively. Staff will
13 review the program as of the true-up cutoff, December 31, 2024.

14 Q. Please explain the revenue tracking for this program.

15 A. As part of Ameren Missouri’s proposal approved by the Commission,⁷ the net
16 revenue from this program should be used to offset the overall revenue requirement. The net
17 actual revenue experienced as of December 31, 2024, should be used to establish the base
18 amount for tracking purposes going forward.

19 **RENEWABLE ENERGY STANDARD RATE ADJUSTMENT MECHANISM**

20 Q. Please explain the RESRAM.

⁵ Steven Wills Direct Testimony page 9,

⁶ Boomtown(EA-2022-0245), Cass County(EA-2023-0286)

⁷ Boomtown(EA-2022-0245), Cass County(EA-2023-0286)

1 A. The RESRAM is a special ratemaking mechanism that allows Ameren Missouri
2 to recover RES related capital investment and expenses through a rider in between rate cases.

3 Q. Please explain the Renewable Energy Standard.

4 A. The RES requires that a certain percentage of Ameren Missouri retail sales come
5 from renewable energy sources. All RES costs already being recovered in base rates prior to
6 January 1, 2019, when Ameren Missouri's RESRAM was established, are recovered through
7 the existing RES AAO. The RES AAO is addressed by Staff witness Karen Lyons.

8 Q. What information did Staff examine as part of its review to determine the new
9 base level of Ameren Missouri's RESRAM costs?

10 A. Staff reviewed the historical level of RESRAM eligible investment and expenses
11 through June 30, 2024. Staff will review these costs again as part of its true-up audit.

12 Q. Please list the renewable energy centers that are subject to RESRAM in this case.

13 A. Atchison and High Prairie wind farms and Huck Finn solar facility are subject to
14 RESRAM. However, the Huck Finn solar facility will not be fully operational until
15 true-up cutoff, December 31, 2024. Therefore, any eligible investment and expenses related to
16 Huck Finn are not included in this current RESRAM.

17 Q. Please list the proposed costs that Staff included in the RESRAM.

18 A. Staff included in the RESRAM the following items ending June 30, 2024, for
19 Ameren Missouri's Atchison and High Prairie wind facilities:

- 20 • RECs: 12 months ending June 30, 2024.
- 21 • Non-labor Operation and Maintenance ("O&M") Expense: 12 months
22 ending June 30, 2024.
- 23 • Solar Rebates: 12 months ending June 30, 2024.
- 24 • Property taxes: Actual property taxes paid December 2023.
- 25 • Insurance Expense: annualized based on a ratio method described
26 below.

- 1 • Interconnection Costs: 12 months ending June 30, 2024.
- 2 • Production Tax Credits (“PTC”): Based on the results of Staff fuel
- 3 production model and the current PTC rate.
- 4 • Depreciation Expense: Based on Staff’s proposed depreciation
- 5 expense for the wind facilities.
- 6 • Return on eligible plant: Based on net plant of eligible facilities and
- 7 Staff’s recommended rate of return.
- 8

9 Q. Please describe the insurance expense calculation.

10 A. Staff developed an insurance expense ratio by dividing the insurance expense
11 amount for Atchison and High Prairie⁸ by the total property and terrorism insurance amount
12 using data from the Case No. ER-2022-0337, then applied that ratio to the total property and
13 terrorism insurance amount in the current case.

14 Q. Please describe the new solar facility Huck Finn.

15 A. The 200 MW Huck Finn solar facility, located in Audrain and Ralls Counties in
16 Missouri,⁹ is the new solar facility that Ameren Missouri added to its generation and is
17 anticipated to be fully operational by the true-up cutoff; December, 31, 2024.

18 Q. What about eligible costs related to the new solar facility Huck Finn?

19 A. Land lease and interconnection costs related to Huck Finn are included in Staff’s
20 estimate for true-up for now. Staff will review these costs and include the eligible costs
21 in the RESRAM during true-up.

22 Q. Did Staff remove any costs related to the RESRAM?

23 A. For the purpose of determining the current RESRAM level, Staff made an
24 adjustment to remove the amortizations and revenues that were included in the

⁸ Case No. ER-2022-0337

⁹ Case EA-2022-0244

1 test year, 12-months ending March 31, 2024. Staff also made an adjustment to reflect
2 O&M costs based on June 30,2024.

3 **NEW SOLAR FACILITY OPERATIONS AND MAINTENANCE EXPENSE**

4 Q. Please describe the new solar operations and maintenance expense.

5 A. As part of Ameren Missouri’s transition of its generating portfolio from fossil fuel
6 to renewables, Ameren Missouri purchased three solar facilities through a combination of
7 Build Transfer Agreements (“BTA”) and Purchase and Sale Agreements (“PSA”).
8 Operation and Maintenance (“O&M”) expense refers to the day-to-day costs to operate and
9 maintain a facility in order to provide safe and reliable service by the utility. O&M costs include
10 materials, land lease payments, property tax, transmission interconnection and other costs.

11 Q. What is Staff’s recommended adjustment for O&M expense for these facilities?

12 A. These facilities are expected to be in service prior to true-up in this case, therefore,
13 Staff will review all executed contracts and determine the appropriate level of O&M to include
14 in the cost of service at the true-up cutoff date, December 31, 2024.

15 Q. Are these O&M expenses related to Ameren Missouri’s adjustment 39?¹⁰

16 A. Yes, in part.

17 Q. Please explain.

18 A. Ameren Missouri’s adjustment 39 is related to the preliminary survey and
19 investigation costs that Ameren Missouri incurred while it evaluated the feasibility of
20 developing new solar energy centers (Boomtown and Huck Finn), according to
21 Ameren Missouri’s response to Staff Data Request No. 577. In Case No. ER-2022-0337,

¹⁰ Stephen Hipkiss, Direct Testimony page 29, lines 12-20.

Direct Testimony of
Paul K. Amenthor

1 Ameren Missouri proposed a similar adjustment to eliminate these preliminary costs from the
2 revenue requirement by including it in reserve account 183. After the Commission approval of
3 Huck Finn and Boomtown solar projects,¹¹ Ameren Missouri concluded that these O&M costs
4 met asset criteria, so the previously reverse balances recorded in account 183 were reversed.
5 The adjustment 39 eliminates these O&M costs and that will eventually be capitalized once
6 these assets go into service. Therefore, Staff agrees with Ameren Missouri's proposed
7 adjustment.

8 Q. Does this conclude your direct testimony?

9 A. Yes, it does.

¹¹ EA-2022-0244 and EA-2022-0245.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

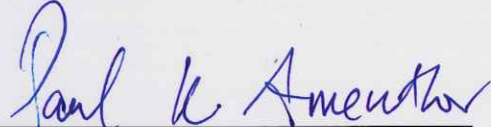
In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Adjust)
Its Revenues for Electric Service) Case No. ER-2024-0319

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 *Direct Testimony of Paul K. Amenthor*; and that the same is true and correct according to his best knowledge and belief.

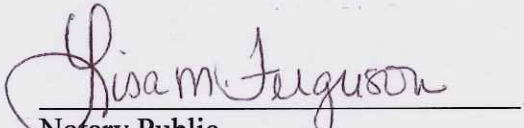
Further the Affiant sayeth not.


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 27th day of November 2024.

LISA M. FERGUSON
Notary Public - Notary Seal
State of Missouri
Commissioned for St. Louis County
My Commission Expires: June 23, 2028
Commission Number: 16631502


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 II, 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

<u>Company Name</u>	<u>Case No.</u>	<u>Issues</u>
Liberty Midstates Natural Gas (MNG)	GR-2024-0106	Credit Card Fees, Postage Expense, Customer Billing, Uncollectible Expense, ISRS Revenue Reconciliation Adjustment, Cash Working Capital, Other Revenues, Lease and Rents, Removal of PGA and WNAR.
Ameren Missouri (Electric)	EA-2023-0286	Plaint in Service Accounting, Operation and Maintenance Expense
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

<u>Company Name</u>	<u>Case No.</u>	<u>Issues</u>
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
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

<u>Company Name</u>	<u>Case No.</u>	<u>Issues</u>
Ameren Missouri (Gas)	GR-2019-0077	<p>Rate Base Items: Prepayments, customer advances, customer deposits, Plant in service, Accumulated Reserve, natural gas inventories, materials and supplies</p> <p>Revenues: Customer Growth/seasonality, Removal of GRT, PGA, Unbilled Revenue, Provision for Rate Refunds, and Other Revenues</p> <p>Expenses: Uncollectible Expense, Capitalized depreciation, Non Labor Distribution Maintenance, and Interest on Customer Deposits</p> <p>Filed Direct, Surrebuttal/True-Up</p>
Liberty Midstates Natural Gas (MNG)	GR-2018-0013	<p>Advertising, Miscellaneous expenses, Insurance expense, regulatory expense, Environmental expense, Dues and Donations</p> <p>Filed Direct, Surrebuttal/True-Up</p>