

Exhibit No.:
Issue(s): *Error Corrections;*
Remodeling Costs
Witness: *Blair Hardin*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *ER-2024-0319*
Date Testimony Prepared: *January 17, 2025*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL & BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

REBUTTAL TESTIMONY

OF

BLAIR HARDIN

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

CASE NO. ER-2024-0319

Jefferson City, Missouri
January 2025

1 properly removed the costs for the gas portion out of the adjustment, and now it reflects only
2 the electric portion of these costs.

3 Q. Does Staff have any further corrections on this topic?

4 A. Yes, on page 5, lines 3-10 of my direct testimony, it states:

5 Q. Does Staff agree with Ameren Missouri's adjustment for
6 board of directors' expenses?

7 A. Yes, while Staff does agree with Ameren Missouri's
8 removal of costs for private charter flights, Staff has also
9 proposed disallowance of costs incurred for hotel costs in excess
10 of normal business travel. The private flights and hotels are a
11 choice over the less expensive alternatives and needlessly
12 increases costs for ratepayers. Staff is also awaiting a DR
13 response for Board of Directors' invoices for hotels, meals, and
14 remodeling costs, and will update its proposed adjustment
15 as necessary.

16 The statement "Staff is also awaiting a DR response for Board of Directors invoices for
17 hotels, meals, and remodeling costs..."¹ is not completely accurate and was in fact a holdover
18 from prior drafts of testimony. Staff received and had analyzed the response to data requests
19 ("DRs") related to the Board of Directors; however, due to the timing of Ameren Missouri's
20 response to the Office of the Public Counsel ("OPC") DR 1100, Staff was unable to address the
21 office remodeling costs in its direct testimony. Staff will address these costs later in
22 this testimony.

23 **Dues & Donations**

24 Q. What correction is Staff proposing relative to its position on dues and donations?

25 A. In its direct case, Staff proposed to disallow expenses related to
26 Ameren Missouri's membership with the Electric Power Research Institute ("EPRI").
27 EPRI is a research organization that does not advocate for any specific company, sector, or

¹ Hardin Direct Testimony, page 5 lines (8-10).

1 technology, and thus does not participate in lobbying activity as some of Ameren Missouri's
2 other membership organizations do. Due to this, Staff has removed this disallowance from its
3 proposed adjustment.

4 **Rents & Leases**

5 Q. What correction is Staff including for rents and leases?

6 A. There is no correction to calculations necessary, as Staff included test year
7 amounts in the cost of service with no proposed adjustment for land easement costs as of the
8 update period of June 30, 2024. However, Staff's direct testimony was incorrect.
9 On page 3, lines 15-20 of my direct testimony, it states:

10 Q. Has a portion of annualized land easement costs been
11 included in the Renewable Energy Standard Rate Adjustment
12 Mechanism ("RESRAM")?

13 A. Yes. Staff annualized the land easements associated with
14 the High Prairie, Atchison, and Cass County renewable energy
15 projects that will be included in Staff's plant in service in this
16 case and provided this amount to Staff witness Paul Amenthor in
17 order to set the new base amount for the RESRAM.

18 First, Staff did not propose to annualize the land easements other than to include the test
19 year amounts in the cost of service for the High Prairie and Atchison facilities. Staff mentioned
20 including costs for the Cass County facility as well, but it is not a facility being built for
21 renewable energy standard ("RES") compliance, for which costs would be included in the
22 RESRAM. Staff incorrectly included Cass County in this statement, but that line of testimony
23 should have referenced the Huck Finn facility. Second, as Huck Finn was not in-service on
24 June 30, 2024 (the update period of Staff's direct case), costs associated with that project were
25 not included in Staff's direct case (other than within its true-up estimate). Huck Finn will be in
26 service by the end of 2024 and will be included in our true-up, including in the RESRAM base,
27 once it meets in-service criteria.

1 **REMODELING COSTS**

2 Q. Has Staff now reviewed Ameren Missouri's response to OPC DR 1100
3 regarding the Ameren office remodeling costs?

4 A. Yes.

5 Q. What has Staff learned regarding these costs?

6 A. The remodeling of executive office space occurred as part of a multi-year project
7 to remodel and update the entire Ameren Corporation general office building, which was first
8 constructed in 1975-1977 and was last remodeled in 2004-2005. Staff has not proposed a
9 disallowance of the costs associated with the general construction and remodeling of the
10 building in prior cases. However, OPC DR 1100 brought to Staff's attention possible excessive
11 costs related to the executive office remodeling.

12 Q. What types of charges from the executive office remodeling might be classified
13 as excessive based on OPC DR 1100?

14 A. It appears from the response to OPC DR 1100 that there was a substantial
15 amount of costs related to several executive offices in terms of furniture, fixtures, built-in
16 storage, and artwork. There was also an interior designer procured for the office of
17 Marty Lyons. Staff believes the interior designer procured for the office was for cosmetic
18 purposes rather than functional. According to the response, the costs for furniture, fixtures, and
19 artwork were recorded to non-utility plant and will not be reflected in rates in the current case.
20 Significant costs for specialized conference room equipment used by Ameren Missouri's
21 executives has also been recorded to non-utility plant and will not be reflected in rates in the
22 current case. Staff agrees that these costs should not be included in rates.

Rebuttal Testimony of
Blair Hardin

1 Q. Has Ameren Missouri included executive office remodeling costs in
2 customer rates?

3 A. Staff issued further discovery to determine if these costs were ever included in
4 rates, and if so, when they were included in the cost of service, and when they were
5 subsequently removed. Staff also sought copies of the procurement policies and master service
6 agreements associated with the building remodel. Staff may propose further adjustment to these
7 costs in its surrebuttal/true-up direct testimony based upon the results of this discovery.

8 Q. Ameren Missouri explained in the response to OPC DR 1100 that the costs
9 associated with the interior designer were inadvertently included in rates in Ameren Missouri's
10 last rate case, case no. ER-2022-0337. From OPC DR 100, Ameren states "The costs of the
11 design work was \$34,030.50 and is recorded to non-utility plant (these costs were inadvertently
12 included in plant-in-service in File No. ER-2022-0337; an adjustment will be made in this case
13 (ER-2024-0319) to remove these costs from plant-in-service)."² Does Staff agree that
14 Ameren Missouri should remove the remodeling costs from the cost of service and transfer
15 these assets to non-utility plant?

16 A. Yes. Staff agrees with Ameren Missouri that the interior design costs should be
17 transferred to non-utility plant and no longer be included in customer rates and will reflect this
18 change as part of its true-up audit.

19 Q. Does this conclude your rebuttal testimony?

20 A. Yes it does.

² OPC DR 1100

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 BLAIR HARDIN

STATE OF MISSOURI)
) ss.
COUNTY OF ST. LOUIS)

COMES NOW BLAIR HARDIN and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Blair Hardin*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

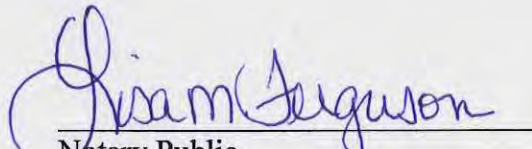


BLAIR HARDIN

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 15th day of January 2025.

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