

Exhibit No.:
Issues: Revenue Requirement
Witness: Greg R. Meyer
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Midwest Energy Consumers Group
Case No.: ER-2024-0319
Date Testimony Prepared: February 14, 2025

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

_____)
IN THE MATTER OF UNION ELECTRIC)
COMPANY D/B/A AMEREN MISSOURI'S) **CASE NO. ER-2024-0319**
TARIFFS TO ADJUST ITS REVENUES)
FOR ELECTRIC SERVICE)
_____)

Surrebuttal Testimony of

Greg R. Meyer

On behalf of

Midwest Energy Consumers Group

February 14, 2025



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

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

Affidavit of Greg R. Meyer

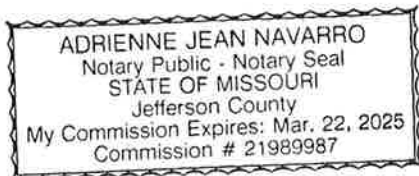
Greg R. Meyer, being first duly sworn, on his oath states:

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 Surrebuttal Testimony which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2024-0319.
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 14th day of February, 2025.





Notary Public

**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

Surrebuttal Testimony 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 ARE YOU THE SAME GREG R. MEYER WHO HAS PREVIOUSLY FILED
5 TESTIMONY IN THIS PROCEEDING?**

6 A Yes. I have previously filed Direct Testimony in this proceeding.

7 **Q ARE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE OUTLINED IN
8 YOUR DIRECT TESTIMONY?**

9 A Yes. This information is included in Appendix A to my Direct Testimony filed on
10 December 3, 2024.

11 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

12 A I am appearing on behalf of Midwest Energy Consumers Group ("MECG").

**Greg R. Meyer
Page 1**

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

2 A My Surrebuttal Testimony will address the underperformance of the High Prairie
3 Renewable Energy Center (“High Prairie”).

4 **Q HAVE YOU REVIEWED THE REBUTTAL TESTIMONIES OF AMEREN MISSOURI**
5 **WITNESSES AJAY ARORA, JOHN REED, STEVE WILLS AND STEPHEN HIPKISS**
6 **AS IT PERTAINS TO THE HIGH PRAIRIE ISSUE?**

7 A Yes, I have.

8 **Q DO YOU HAVE ANY GENERAL COMMENTS REGARDING THOSE TESTIMONIES**
9 **AS IT RELATES TO THE HIGH PRAIRIE ISSUE?**

10 A Yes. Mr. Reed discusses the regulatory principles of “prudence,” “used and useful”
11 and “economic used and useful.” Mr. Reed argues that the regulatory principles of
12 prudence and used and useful cannot be applied to the situation with High Prairie.
13 Mr. Reed goes on to say that the regulatory principle of economic used and useful is
14 obsolete and has been reversed by those commissions who have used that principle
15 in the past. Mr. Reed argues that because High Prairie is used and useful, no
16 adjustment can be proposed by the parties.

17 Mr. Arora provides a historical synopsis of the operations of High Prairie and
18 also argues that no disallowance based on prudence can be proposed by any party.
19 Mr. Arora goes on to discuss that utilities should not be guarantors of production.
20 Finally, Mr. Arora discusses that the High Prairie project was not an imprudent action
21 on behalf of Ameren Missouri. Therefore, Mr. Arora concludes that no adjustment to
22 High Prairie is justified.

1 Mr. Wills discusses the ratemaking adjustments proposed by the different
2 parties and why those adjustments are inappropriate.

3 Finally, Mr. Hipkiss discusses the three turbine failures and the positions taken
4 by the Office of the Public Counsel ("OPC") and the Public Service Commission of the
5 State of Missouri ("Commission") Staff ("Staff").

6 **Q DOES YOUR ADJUSTMENT ASSERT IMPRUDENCE OR APPLICATION OF THE**
7 **USED AND USEFUL STANDARD?**

8 A No, I am not proposing this adjustment based on any imprudence allegation on my part.
9 If you review my Direct Testimony, you will not find the word imprudence contained in
10 any part of my arguments. Likewise, I do not challenge the used and useful standard.
11 You will not find a challenge to the used and useful standard in my Direct Testimony.

12 My proposed adjustment for High Prairie is based on a consistent
13 underperformance of the wind facility from what was modeled to occur in the Certificate
14 of Convenience and Necessity ("CCN") case, Case No. EA-2018-0202, that approved
15 the construction of High Prairie. For any Ameren Missouri witnesses to contend that I
16 have challenged the imprudence or used and useful standard for High Prairie is totally
17 unfounded.

18 **Q TURNING YOUR ATTENTION TO THE 38.5% CAPACITY FACTOR THAT YOU**
19 **RELIED ON TO PROPOSE YOUR UNDERPERFORMANCE ADJUSTMENT,**
20 **PLEASE DESCRIBE WHAT THAT 38.5% CAPACITY FACTOR REPRESENTS.**

21 A The 38.5% capacity factor assumed a 6.9 m/s minimum cut-in speed at night during
22 bat season.

1 Q DID AMEREN MISSOURI BELIEVE THAT OPERATING AT 6.9 M/S CUT-IN SPEED
2 WAS LIKELY TO OCCUR?

3 A No. Mr. Arora acknowledges in his Rebuttal Testimony that he thought it was unlikely.
4 I contend that Mr. Arora is downplaying Ameren Missouri's belief as I have discussed
5 in my previous Surrebuttal Testimony from Ameren Missouri's prior rate case (Case
6 No. ER-2022-0337) and as also discussed below. In his Rebuttal Testimony, Mr. Arora
7 discusses how High Prairie was studied at 6.9 m/s. Just based on his Rebuttal
8 Testimony, one might come to the conclusion that 6.9 m/s was believed to be a
9 significant possibility for High Prairie. However, a review of the actual statements made
10 by Ameren Missouri witnesses shows otherwise.

11 In the CCN case, Ameren Missouri witness Matt Michels stated the following:

12 Q. Does this hold true even under the least favorable assumptions for
13 transmission cost, capacity factor, and power prices?

14 A. Yes. With the least favorable assumptions applied to all wind
15 projects – low power prices, high transmission costs, and low
16 capacity factor – the impact on average customer rates over the
17 20-year IRP planning horizon is less than 0.7%. To bring the
18 average rate impact up to 1% limit would require one of the
19 following: 1) a further increase in capital costs of approximately
20 \$200/kW; 2) a further reduction in power prices from the IRP low
21 scenario of approximately another 18%; or 3) a reduction in
22 capacity factor to 34%. Each of these conditions is **very unlikely**.¹
23 [Emphasis added.]

24 Furthermore, in the CCN case, Mr. Arora addressed the 6.9 m/s cut-in speed
25 issue in his Surrebuttal Testimony (Case No. EA-2018-0202), wherein he stated the
26 following:

27 Q. Why is this the worst-case scenario?

28 A. Because as Mr. VanDeWalle explains, we could operate the facility
29 at a cut-in speed of 6.9 meters/second. At that cut-in speed,
30 endangered and protected species of bats will not be taken (as
31 Dr. VanDeWalle also explains, they may not be taken at a speed of

¹Direct Testimony of Matt Michels at page 10, lines 14-22.

1 significantly less than 6.9 meters/second, but we believe it
2 appropriate to obtain an ITP because there is some risk of a take
3 at lower cut-in speeds). If we operate at 6.9 meters/second –
4 **which I believe is unlikely** – but if we do, we experience the
5 approximately 1.8% loss in capacity factor and the resulting
6 approximately \$22 million reduction in value.² [Emphasis added.]

7 I would note that Mr. Arora’s statement in the CCN case is the same as he
8 acknowledged in his Rebuttal Testimony in this case.

9 Finally, in his Surrebuttal Testimony in the CCN case, Mr. Arora answers the
10 following question:

11 Q. OPC witness Dr. Marke makes the point that even with an HCP (I
12 believe he is referring to an ITP and an associated HCP) that the
13 Company might exceed the take limits and then have to mitigate
14 more or even shut down the plant. Is this a realistic scenario?

15 A. No, it is not. Mr. VanDeWalle aptly explains that a prudent
16 operator – and I can assure the Commission the Company will
17 operate prudently – will use adaptive management or simply
18 increase cut-in speeds to a level where there is no take of
19 endangered or protected bat species before it exceeds a take limit.
20 As Mr. VanDeWalle also explains, the USFWS isn’t going to take
21 adverse action against the Company in the unlikely event a take
22 limit were exceeded so long as the Company is taking steps to
23 address the issue. I do not expect this to be an issue at all, but
24 would submit that **Dr. Marke is positing a doomsday scenario** to
25 support his extreme hold harmless request, which Mr. Byrne
26 addresses in his surrebuttal testimony.³ [Emphasis added.]

27 Upon reviewing the above quotes, it is hard to believe that a 6.9 m/s cut-in
28 speed option should have been considered a likely outcome. Descriptions that range
29 from “very unlikely” to “doomsday scenario” do not support the discussions contained
30 in Mr. Arora’s Rebuttal Testimony. Unfortunately, the doomsday scenario discussed
31 by Dr. Marke became reality as evidenced by the statement contained in Mr. Arora’s
32 Rebuttal Testimony in Ameren Missouri’s last rate case:

²Surrebuttal Testimony of Ajay K. Arora at page 6, lines 17-22 through page 7, lines 1-2.

³Surrebuttal Testimony of Ajay K. Arora at page 7, lines 16-23 through page 8, lines 1-5.

1 Q. Based on Dr. Marke's statements and Staff's factual recitation in
2 their direct testimony, did that consensus [that a 6.9 m/s cut-in
3 would be sufficient to prevent bat deaths] prove to be incorrect?

4 A. Yes, unfortunately it did.⁴

5 **Q PLEASE SUMMARIZE MR. REED'S REBUTTAL TESTIMONY.**

6 A Mr. Reed argues that Ameren Missouri has satisfied the prudence, used and useful,
7 and economic used and useful tests. As such, he argues that no adjustment is
8 necessary.

9 **Q PLEASE DISCUSS MR. REED'S PRUDENCE STANDARD.**

10 A Mr. Reed discusses the standard of imprudence on pages 5-6 of his Rebuttal
11 Testimony, where he quotes the Commission's decision in an Empire District Electric
12 Company case from 2022. The Commission summarized imprudence in the following
13 quote:

14 Simply put a decision can only be labelled as imprudent if it can be
15 shown that such a decision was outside the bounds of what a
16 reasonable person would have done under those circumstances.⁵

17 Mr. Reed goes on to say the following:

18 Generally , when an action or inaction is deemed imprudent and results
19 in harm to customers, the investments or costs associated with the
20 imprudent action are disallowed from cost recovery. In the case of
21 capital investments, a prudence disallowance would reduce rate base,
22 meaning: 1) no return on the disallowed amount; 2) no depreciation
23 expense on the disallowed amount; 3) a lower overall revenue
24 requirement; and 4) a lower rate overall.⁶

⁴Rebuttal Testimony of Ajay K. Arora in Case No. ER-2022-0337 at page 13, lines 10-12.

⁵See Report and Order from Case No. EO-2022-0040, Issued August 18, 2022, at page 29, adopting language from Mr. Reed's Surrebuttal Testimony in that case. Cited in Mr. Reed's Rebuttal Testimony in the current case at page 6, lines 14-17.

⁶Rebuttal Testimony of John J. Reed at page 6, lines 19-21.

1 My proposed adjustment for High Prairie does not qualify as an imprudence
2 disallowance as described by Mr. Reed. I have not proposed any plant investment
3 adjustments as a result of the underperformance of High Prairie. Likewise, I have not
4 proposed any cost disallowance resulting from an imprudent action. I am simply
5 imputing the lost production of High Prairie due to its underperformance in 2024.

6 **Q PLEASE DESCRIBE MR. REED'S USED AND USEFUL REGULATORY PRINCIPLE.**

7 A On page 7 of his Rebuttal Testimony, Mr. Reed offers the following discussion of the
8 principle of used and useful:

9 The used and useful principle is a ratemaking concept that relates to
10 one element of establishing the revenue requirement of a public utility,
11 i.e., the valuation of the rate base upon which a return will be granted.
12 In essence, it provides that the rate base should only include those
13 assets that are used to provide the regulated service, and that are useful
14 in the provision of that service.⁷

15 My testimony does not allege that High Prairie is not used and useful, and I
16 have not proposed an adjustment based on that premise.

17 **Q PLEASE DESCRIBE MR. REED'S ECONOMIC USED AND USEFUL REGULATORY**
18 **PRINCIPLE.**

19 A According to Mr. Reed, the economic used and useful concept is:

20 The economic used and useful concept is an after-the-fact,
21 hindsight-based economics test, that has almost never been used, and
22 that when used was applied by regulators in addition to the prudence
23 standard principle, before investors were able to recover their costs.
24 Those who advocate for this approach contend that even if it has been
25 determined that an asset's costs were prudently incurred and the asset
26 is used and useful, a determination should nevertheless be made to
27 determine if the asset is fully or partially uneconomic based on current
28 market values.⁸

⁷*Ibid.* at page 7, lines 1-5.

⁸*Ibid.* at page 8, lines 5-11.

1 I have not performed another economic test of the High Prairie investment using
2 current market values, nor have I proposed that the High Prairie decision should be
3 re-evaluated using today's market conditions. I am simply proposing an adjustment to
4 account for the underperformance of High Prairie based on the assumptions used to
5 justify the construction of the facility.

6 **Q IN BOTH MR. ARORA'S AND MR. REED'S REBUTTAL TESTIMONIES, THOSE**
7 **WITNESSES QUOTE THE TESTIMONY OF STAFF WITNESS JAY LUEBBERT**
8 **ADVOCATING THAT THE RISK OF INVESTMENT RECOVERY TRANSFERS FROM**
9 **SHAREHOLDERS TO RATEPAYERS WHEN THE INVESTMENT IS INCLUDED IN**
10 **THE UTILITY'S BASE RATES. DO YOU AGREE WITH MR. LUEBBERT?**

11 A No, I do not support Mr. Luebbert's position. I interpret Mr. Luebbert's statement as
12 saying ratepayers shoulder all of the risk associated with the performance of an asset
13 once it is included in base rates. In this instance that risk would have begun when High
14 Prairie was included in Ameren Missouri's base rates. I contend that my
15 underperformance adjustment is an example of the risk shareholders may be exposed
16 to in the context of a wind investment.

17 **Q DO YOU HAVE ANY INFORMATION THAT YOU CAN REFERENCE THAT**
18 **AMEREN'S SHAREHOLDERS COULD BE SUBJECT TO THE RISK OF**
19 **UNDERPERFORMANCE FROM THE HIGH PRAIRIE WIND INVESTMENT?**

20 A Yes. I have reviewed the Ameren 2023 10-K ("10-K Report") annual filing filed on
21 February 29, 2024. The 10-K report contains the following notice to investors:

22 Investors should review, carefully, the following material risk factors and
23 the other information contained in this report. The risks that the Ameren
24 Companies face are not limited to those in this section. There may be
25 further risks and uncertainties that are not presently known or that are

Greg R. Meyer
Page 8

1 not currently believed to be material that may adversely affect the results
2 of operations, financial position, and liquidity of Ameren Companies.⁹

3 Ameren expressly indicated that the investors should be aware that wind
4 facilities may not produce at full capacity in order to protect wildlife.

5 **Our electric generation, transmission, and distribution facilities are**
6 **subject to operational risks.**

7 Our financial performance depends on the successful operation of
8 electric generation, transmission and distribution facilities. Operation of
9 electric generation, transmission, and distribution facilities involves
10 many risks including:

11 * * *

- 12 • Inability to operate wind generation facilities at full capacity resulting
13 from requirements to protect natural resources, including wildlife.¹⁰

14 Clearly shareholders have been alerted to the risk of underperformance from
15 High Prairie. Furthermore, I could find no discussions from either Mr. Reed or Mr. Arora
16 noting that shareholders may be at risk of High Prairie not generating at full capacity.
17 By divulging this major risk, Ameren's shareholders have been warned that an
18 underperformance adjustment is a potential risk to their investment.

19 **Q IN YOUR OPINION, ARE AMEREN'S SHAREHOLDERS COMPENSATED FOR**
20 **THAT RISK?**

21 **A** Yes. It is my understanding that the Return on Equity ("ROE") proposals by all parties
22 to the rate case should take into account the risk factors expressed in the 10-K Report.
23 The recommended ROE should take into account all of the risks faced by Ameren's
24 shareholders.

⁹Ameren's 10-K Report for 2023 at page 20.

¹⁰Ameren's 10-K Report for 2023 at page 26.

1 **Q PLEASE DISCUSS MR. WILLS CONCERNS WITH YOUR PROPOSED**
2 **ADJUSTMENT.**

3 A Not surprisingly, Mr. Wills is opposed to any adjustment related to the operations of
4 High Prairie. Putting aside his general objection to any adjustment, Mr. Wills opposes
5 my proposal that the Fuel Adjustment Clause (“FAC”) be utilized to reflect the energy
6 sales and Production Tax Credit (“PTC”) revenues from the underperformance of High
7 Prairie.

8 Regardless of where the lost revenue streams are recorded, Ameren Missouri’s
9 customers should be protected from the underperformance of High Prairie. I do not
10 think the recognition of the lost revenue streams should be a major hurdle to reflecting
11 the operations of High Prairie if this Commission accepts my performance adjustments.

12 **Q PLEASE DISCUSS THE REBUTTAL TESTIMONY OF STEPHEN HIPKISS.**

13 A Mr. Hipkiss’ Rebuttal Testimony addressed the three turbine collapses that have
14 occurred in 2024.

15 **Q WHAT WAS THE FOCUS OF MR. HIPKISS’ TESTIMONY.**

16 A Mr. Hipkiss argued that the Staff’s methodology for retiring the collapsed turbines was
17 not in conformance with the Uniform System of Accounts (“USOA”). Mr. Hipkiss
18 pointed out that the USOA states that retired plants should be accounted for by
19 reducing plant-in-service and accumulated depreciation expense by the current
20 in-service values for the plant. In this way, rate base does not change as a result of
21 the retirement.

1 **Q IN REGARD TO THE COLLAPSED TURBINES, DO YOU AGREE WITH**
2 **MR. HIPKISS' METHODOLOGY FOR RECORDING THE RETIREMENT OF THOSE**
3 **TURBINES OR ARE YOU SUPPORTIVE OF THE METHODOLOGY PROPOSED BY**
4 **THE STAFF? TO BE CLEAR THE STAFF PROPOSED TO RETIRE THOSE**
5 **TURBINES ON A NET PLANT BASIS.**

6 A No, I support the methodology proposed by the Staff. These turbine failures were not
7 normal retirements of plant. They represented extraordinary events. The retirement of
8 those turbines on a net plant basis is correct and does not require Ameren Missouri's
9 customers to pay a return "on" and "of" on plant that is no longer producing power for
10 its customers.

11 **Q PLEASE SUMMARIZE WHY YOUR UNDERPERFORMANCE ADJUSTMENT IS**
12 **JUSTIFIED.**

13 A My adjustment is appropriate because the conditions that Ameren Missouri used to
14 justify the construction of High Prairie have not been met. This is especially critical due
15 to the lost energy and PTC revenues that have not been realized due to the
16 underperformance of High Prairie. Ameren Missouri's customers had the expectation
17 of certain revenue streams in exchange for supporting the investment in High Prairie.
18 The customers have not realized all of the benefits of High Prairie that they expected
19 due to its underperformance. Intermittent wind resources are dependent on the wind
20 blowing. However, in this case, High Prairie has not performed as expected but the
21 reason was not due to the availability of wind. Furthermore, Ameren's shareholders
22 have been alerted to the risk that renewable resources will not perform as planned due
23 to the restrictions caused by wildlife. I urge the Commission to adopt my proposed
24 underperformance adjustment for High Prairie.

Greg R. Meyer
Page 11

1 Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

2 A Yes, it does.