

**Exhibit No.:**  
**Issue(s):**  
**Witness/Type of Exhibit:**  
**Sponsoring Party:**  
**Case No.:**

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Depreciation  
Robinett/Surrebuttal  
Public Counsel  
ER-2024-0319

**SURREBUTTAL TESTIMONY**

**OF**

**JOHN A. ROBINETT**

Submitted on Behalf of the Office of the Public Counsel

**UNION ELECTRIC COMPANY  
D/B/A AMEREN MISSOURI**

CASE NO. ER-2024-0319

February 14, 2025

**SURREBUTTAL TESTIMONY  
OF  
JOHN A. ROBINETT  
AMEREN MISSOURI**

**CASE NO. ER-2024-0319**

1 **Q. What is your name and what is your business address?**

2 A. John A. Robinett, PO Box 2230, Jefferson City, Missouri 65102.

3 **Q. Are you the same John A. Robinett who filed rebuttal testimony on behalf of the**  
4 **Missouri Office of the Public Counsel (“OPC”) in this proceeding?**

5 A. Yes.

6 **Q. What is the purpose of your surrebuttal testimony?**

7 A. To respond to the rebuttal testimony of Ameren Missouri witness John J. Spanos related to  
8 his response to Staff of the Public Service Commission of the State of Missouri’s (“Staff”)  
9 recommended transfer of depreciation reserve amounts between two accounts for the Taum  
10 Sauk plant. As I will explain, though I would not have made the reserve transfer Staff  
11 recommends, making such a transfer will not affect rates in this case. Mr. Spanos'  
12 statements about this transfer, though technically correct when only one account is  
13 considered, do not accurately portray the ultimate outcome when considering both  
14 accounts.

15 **Q. What does Staff recommend related to the depreciation reserve amounts for the Taum**  
16 **Sauk Plant?**

17 A. Staff witness Ms. Amanda Coffey recommends at page 5 lines 11 through 14 that the  
18 negative reserve for account 332 reservoir be allocated to reserve from account 333 water  
19 wheels/generators.<sup>1</sup>

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<sup>1</sup> Review of Staff’s Accounting schedules, both direct and rebuttal, show a positive adjustment to the accumulated reserve for account 332 reservoir and a negative reserve adjustment from account 333 waterwheels/generators. This means reserve is being taken from account 333 and added to account 332 to zero out the negative reserve currently in account 332. Though this appears to be the opposite of what Ms. Coffey describes in her testimony, the result is the same.

1 **Q. Does Staff witness Ms. Coffey explain her rationale or reasoning for the transfer at**  
2 **Taum Sauk?**

3 A. No. Ms. Coffey fails to provide any discussion other than her recommendation to transfer  
4 the reserve amount. She does not discuss why the account has gone negative or why she  
5 chose the account to transfer the reserve from. My review of the amount of reserves as  
6 shown in Staff's rebuttal accounting schedules shows that enough reserves also existed in  
7 account 331 Structures, in addition to account 333 water wheels/ generators, which is the  
8 account that Staff ultimately removed the reserve from. I assume that Ms. Coffey decided  
9 to transfer the reserves from account 333 due to it having more reserve than account 331,  
10 even though both had adequate reserves to cover the negative reserve present in account  
11 332.

12 **Q. Does Mr. Spanos support Staff's transfer of negative depreciation reserve from the**  
13 **reservoir account 332 to the generators account 333 for Taum Sauk?**

14 A. No. Mr. Spanos states at page 8 lines 2 through 5 that:

15 Given the historical activity, it would not be appropriate to reclassify  
16 reserve from Taum Sauk Account 332 to Taum Sauk Account 333 and  
17 recover the future remaining value over a shorter period of time.  
18 Consequently, moving reserve from Account 333 to Account 332 at Taum  
19 Sauk will create higher expense over a shorter period of time which is not  
20 appropriate.

21 **Q. Do you agree with Mr. Spanos that it is inappropriate to reclassify the reserve for**  
22 **Taum Sauk?**

23 A. While transferring of reserve is a tool that depreciation experts can use, I agree with Mr.  
24 Spanos that this transfer should not have occurred. The cause for the negative reserve is  
25 easily identifiable with the failure that occurred at Taum Sauk's upper reservoir on  
26 December 14, 2005. After the upper reservoir failure, the depreciation study filed by

1 Ameren Missouri in Case Number ER-2007-0002 had an estimated retirement date of 2036  
2 for the Taum Sauk Facility. The failed reservoir was retired early and a new reservoir was  
3 rebuilt and went into service in 2010. We don't have to investigate what caused the negative  
4 reserve we know the driver for it. I simply wish Staff would have provided more rationale  
5 or reasoning for its decision.

6 **Q. Why is Staff's adjustment not necessary?**

7 A. Since 2010, the Commission has had a preference for remaining life depreciation rates.  
8 Using the remaining life technique, the reserve shortfall that exists will be collected over  
9 the remaining life of the account. The Commission Staff could have also considered an  
10 amortization as well, as opposed to the reserve transfer they ultimately recommended.

11 **Q. Do you agree with Mr. Spanos that the transfer of reserve will create a higher expense  
12 over a shorter period of time which is inappropriate?**

13 A. This is a complicated question. First, the shorter time frame Mr. Spanos discusses is 64.5  
14 years, as Taum Sauk's projected retirement date is now June 2089. This is a long time to  
15 collect the less than \$5 million that Staff is transferring between the two accounts.

16 Second, the only way that Mr. Spanos' statement is correct is when one looks at  
17 account 333 for generators in singularity and not in conjunction with the account the  
18 reserves increased.

19 **Q. What do you mean when you say Mr. Spanos' statement is correct when reviewed on  
20 a singular account?**

21 A. I calculated depreciation rates and expenses based on Staff's recommended plant and  
22 reserve balances as filed in its direct and rebuttal accounting schedules. In running these  
23 calculations, I reversed Staff's proposed adjustment to leave a negative reserve balance for

1 account 322 Reservoirs. The reserve being removed from account 333 increased the  
2 amount Ameren Missouri needed to collect over the remaining life of the assets in account  
3 333. Attached as Schedule JAR-S-1 is an excel spreadsheet showing the comparison of  
4 calculated depreciation rates and annual expenses for the two accounts affected by Staff's  
5 recommendation.

6 As is shown in Schedule JAR-S-1, if one looks at only account 333 water  
7 wheels/generators, Mr. Spanos is correct that the reduction of reserve when transferred to  
8 account 332 reservoirs increases the needed depreciation rate by 0.07% over the remaining  
9 64.5 years of the account. This is to make up for the approximately \$5 million in reserves  
10 that was removed from account 333 and transferred to account 332 to bring account 332  
11 up to zero reserve instead of negative reserves. On an annual basis the new 1.49%  
12 depreciation rate of account 333 will accrue \$ 1,721,325 dollars annually. This is compared  
13 to the 1.42% depreciation rate if the reserves are not removed from account 333, with an  
14 annual depreciation expense of \$1,645,640.

15 If reserves are removed from account 333 then an additional \$75,685 would need  
16 to be collected annually to make up for the approximately \$5 million that was transferred  
17 to account 332. This very small increase shows that Mr. Spanos' position is technically  
18 correct if account 333 is viewed in isolation, but, as explained below, one should not view  
19 the account in isolation.

20 **Q. What happens if you consider both of the accounts, that which reserve was added to**  
21 **and removed from?**

22 A. Mr. Spanos' statement falls apart when you look at both accounts together. Specifically,  
23 the annual recovery of both accounts when summed together is the same amount whether

1           you remove the reserves from one account and place it into the other or do not make the  
2           reserve transfers between the accounts.

3   **Q.    Why is the annual accrual the same when both accounts are summed together?**

4   A.    Because the reserve transfers are a zero rate base adjustment. This means the total reserves  
5           for the two accounts do not change. The value is the same when the accounts are summed  
6           together. At December 31, 2024, the total reserve between the two accounts is \$14,933,148,  
7           whether that is (1) booked against account 333 with a zero balance for account 332, as Staff  
8           has recommended, or (2) a reserve balance of \$19,874,788 for account 333 and a  
9           - \$4,881,640 balance for account 332, as currently booked. The reserve is the same in  
10          summation. Also, the reserve transfers do not change the original cost booked, so the  
11          overall value that needs to be collected at retirement doesn't change with the reserve  
12          transfers. The only change that occurs is how much is needed to be collected per account  
13          when looked at on an individual basis.

14   **Q.    How do you summarize your testimony?**

15   A.    While, like Mr. Spanos, I would not have made the reserve transfer at Taum Sauk, Mr.  
16          Spanos exaggerates the issue of the reserve transfer by only considering the effects of the  
17          reserve transfer of the account that Staff removed the funds from. As I showed above, Mr.  
18          Spanos' statement is not true when both accounts that are affected by the transfer are  
19          reviewed together.

20   **Q.    Does this conclude your surrebuttal testimony?**

21   A.    Yes, it does.

