

Exhibit No.:
Issue(s): *Customer Convenience
Fees, Injuries and
Damages*
Witness: *Nathan Bailey, CPA*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *GR-2024-0369*
Date Testimony Prepared: *February 28, 2025*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

DIRECT TESTIMONY

OF

NATHAN BAILEY, CPA

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

CASE NO. GR-2024-0369

*Jefferson City, Missouri
February 2025*

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NATHAN BAILEY, CPA
UNION ELECTRIC COMPANY,
d/b/a Ameren Missouri
CASE NO. GR-2024-0369**

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1 **EXECUTIVE SUMMARY**

2 Q. What is the purpose of your direct testimony?

3 A. The purpose of my direct testimony is to provide an explanation for adjustments
4 made to the Ameren Missouri test year expenses related to customer convenience fees and
5 injuries and damages expense.

6 Q. Through this testimony, do you provide any recommendations for rate base and
7 expense levels to be reflected in the revenue requirement ordered in this case?

8 A. Yes. I provide recommendations regarding customer convenience fees and
9 injuries and damages expense.

10 **CUSTOMER CONVENIENCE FEES**

11 Q. What are customer convenience fees?

12 A. This issue pertains to the cost that Ameren Missouri incurs from either various
13 credit card companies or third-party vendors that charge a fee to process payments customers
14 make to pay their utility bill. This cost is recorded in Federal Energy Regulatory Commission
15 (“FERC”) account 903.

16 Q. What are Ameren Missouri’s and Staff’s proposed approaches to inclusion of
17 the costs for customer convenience fees?

18 A. The amount that Ameren Missouri proposes to include is based on the 13-month
19 average of transaction counts for credit, debit, and Interactive Voice Response Systems
20 Automated Check Handling (“IVR ACH”) or over the phone ACH payments, multiplied by the
21 appropriate current contracted fees for that method.

22 Staff’s approach evaluated the history of transactions by type of card or entity accepting
23 walk-in payments and determined the latest rates by type of method, by examining the most

1 current fully executed contracts. Based upon these rates, and trend analysis for multiple years
2 of transaction data, Staff determined an appropriate amount of fees to include in rates in this
3 case for the different bill payment types. At this point in time, Staff proposes this amount
4 should be based upon the 12 months ending March 31, 2024, the test year in this case. Staff
5 proposed Customer Convenience Fee dollar amount to include in rates is within 1% of
6 Ameren Missouri's 13-month calculation. Staff proposes an adjustment to increase the test year
7 amounts to reach Staff's total and may adjust this amount based upon updated data through
8 December 2024, true up period in this case.

9 **INJURIES AND DAMAGES**

10 Q. Please briefly describe injuries and damages expense.

11 A. This issue pertains to the cost that Ameren Missouri incurs from the legal claims
12 against the utility that are not subject to reimbursement under the utility's insurance policies.
13 Ameren Missouri maintains a reserve for possible future expense related to injuries and
14 damages in FERC account 925 and then offsets that accrual as payments are made for injuries
15 and damages claims. Staff reviewed historical injuries and damages accruals and compared
16 them to actual payouts made by Ameren Missouri for that same period.

17 Q. What is Staff's recommended treatment for injuries and damages?

18 A. Staff's recommended treatment of injuries and damages is to normalize
19 Ameren Missouri's costs by adjusting the test year accrual expense to a five-year average of
20 actual cash payments made by Ameren Missouri to entities that had an injury and/or claim
21 against the utility. Ameren Missouri has historically accrued greater expenses than cash
22 payments for legal claims based upon data from the five years ending August 2024. Staff's
23 adjustment reflects actual expense levels that are known and measurable by adjusting to the

Direct Testimony of
Nathan Bailey, CPA

1 average of actual cash payments over the most recent five-year period. Staff may update their
2 adjustment based upon further data and analysis but at present staff's adjustment reduces the
3 test year expenses for Injuries and Damages to reflect these payments. Ameren has proposed
4 to increase test year expenses.

5 Q. Does this conclude your direct testimony?

6 A. Yes, it does.

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 Natural Gas Service) Case No. GR-2024-0369

AFFIDAVIT OF NATHAN BAILEY, CPA

STATE OF MISSOURI)
)
COUNTY OF Jackson) ss.

COMES NOW NATHAN BAILEY, CPA and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony of Nathan Bailey, CPA*; and that the same is true and correct according to his best knowledge and belief.

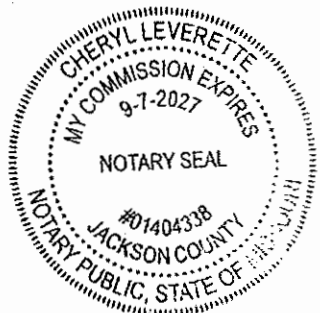
Further the Affiant sayeth not.

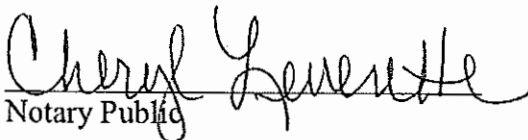


NATHAN BAILEY, CPA

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 20th day of February 2025.





Notary Public

Nathan Bailey, CPA

I have been employed as a Utility Regulatory Auditor for the Missouri Public Service Commission since January 2023. Previously I was employed by Myers and Stauffer LC as an auditor specializing in government medical provider reimbursement. I completed my undergraduate degree in Accounting at the College of the Ozarks in 2018 and graduated Cum Laude. Having met the licensure requirements under section 326.280 RSMo, I am currently qualified to practice as a CPA in the state of Missouri and have maintained this qualification since 2021.

As a Utility Regulatory Auditor, I perform audits and prepare filings for the Commission in conjunction with member of the Commission Staff. This includes professional review of current and prior testimony, documents, files and exhibits as necessary to produce workpapers and documentation supporting the staff position.

Year	Case/Tracking Number	Company Name	Type of Testimony/Issue
2025	GR-2025-0107	Spire Missouri Inc. d/b/a Spire's	Advertising, Plant In Service and Depreciation Reserve, Payroll, Payroll Taxes, Overtime, Bonuses, Payroll Lobbying Removal, Severance, Employee Benefits (Medical, Dental, Vision, 401k), Dues and Donations
2024	ER-2024-0261	Empire District Electric Company d/b/a Liberty	Training and Travel Expenses, Tornado AAO Amortization, Amortization of Ice Storm Costs, Amortization of PeopleSoft Intangible Asset, Amortization of Stock Issuance Costs, Iatan and Plum Point Carrying Costs Amortization, SWPA Amortization, SWPA Hydro Reimbursement, Rate Case Expense, Vegetation Management Tracker Regulatory Asset, EMS Run, DSM Cost Recovery, COVID AAO, Winter Storm Uri Amortization, Rate Case Sharing Ongoing Amortization Tracker
2024	GR-2024-0369	Union Electric Company d/b/a Ameren Missouri	Customer Convenience Fees (Credit Card Fees), Injuries & Damages - Possible Non-Issue, Corporate Franchise Tax
2025	WM-2025-0065	Confluence Rivers Utility Operating Company, Inc.	Staff Memorandum
2024	ER-2024-0189	Evergy Missouri West	Account Receivable Fees, Cash Working Capital, Injuries and Damages, Insurance, Lobbying, Maintenance (Generation, Transmission, Nuclear, Distribution, General

Year	Case/Tracking Number	Company Name	Type of Testimony/Issue
			and Major), Material and Supplies, PSC and FERC Assessment
2024	SM-2024-0130	Confluence Rivers Utility Operating Company, Inc.	Staff Memorandum
2024	GA-2024-0100	Spire Missouri Inc. d/b/a Spire's	Staff Memorandum
2024	WR-2024-0014	Gascony Water Company, Inc.	Staff Memorandum
2023	GA-2023-0389	Spire Missouri Inc. d/b/a Spire's	Staff Memorandum
2023	GA-2023-0374	Spire Missouri Inc. d/b/a Spire's	Staff Memorandum
2023	GT-2023-0229	Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty (MNG)	Staff Recommended ISRS Revenues Calculation