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Public Counsel
GR-2024-0369

DIRECT TESTIMONY

OF

JOHN A. ROBINETT

Submitted on Behalf of the Office of the Public Counsel

UNION ELECTRIC COMPANY
D/B/A AMEREN MISSOURI

FILE NO. GR-2024-0369

February 28, 2025

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**DIRECT TESTIMONY
OF
JOHN A. ROBINETT
AMEREN MISSOURI
CASE NO. GR-2024-0369**

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. By whom are you employed and in what capacity?**

4 A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as a Utility Engineering
5 Specialist.

6 **Q. Have you previously provided testimony before the Missouri Public Service
7 Commission?**

8 A. Yes. I have testified in front of the Missouri Public Service Commission (“Commission”)
9 in both my former occupation with Commission Staff (“Staff”) and in my current position
10 with OPC.

11 **Q. What is your work and educational background?**

12 A. A copy of my work and educational experience is attached to this testimony as Schedule
13 JAR-D-1.

14 **Q. What is the purpose of your direct testimony?**

15 A. The purpose of this testimony is to provide information related to my concerns about the
16 adoption of general plant accounting for certain general plant accounts and the recovery of
17 the filed depreciation study.

1 **Depreciation Definitions**

2 **Q. Is there terminology the Commission should know to better understand your ultimate**
3 **recommendations?**

4 A. Yes. For this testimony, the following depreciation terms need to be defined: cost of
5 removal, depreciation, amortization, vintage year, final retirement, gross salvage, interim
6 retirements, interim salvage, net salvage, and retirement.

7 **Q. From where are you drawing your definitions?**

8 A. I will be citing two different sources. The first source is the Public Utility Depreciation
9 Practices published by the National Association of Regulatory Utility Commissioners
10 (“NARUC”) in August, 1996, pages 313 through 327. The second source is Introduction
11 to Depreciation for Public Utilities and Other Industries (“Introduction to Depreciation”),
12 published by the Edison Electric Institute (“EEI”) and the American Gas Association
13 (“AGA”) from April, 2013, beginning at page 165.

14 **Q. How does NARUC define depreciation?**

15 A. Depreciation is the loss in service value not restored by current maintenance, incurred in
16 connection with the consumption or prospective retirement of utility plant in the course of
17 service from causes that are known to be in current operation, against which the company
18 is not protected by insurance, and the effect of which can be forecast with reasonable
19 accuracy. Among the causes to be considered are wear and tear, decay, action of the
20 elements, inadequacy, obsolescence, changes in the art, changes in demand, and the
21 requirement of public authorities.

1 **Q. How does NARUC define amortization?**

2 A. The process of allocating a fixed amount, such as the total cost of an asset, to an expense
3 account over future accounting periods.

4 **Q. How does NARUC define a vintage year?**

5 A. Year of placement of a group of property.

6 **Q. How does NARUC define a final retirement?**

7 A. A final retirement is the retirement of a major structure unit in its entirety, or a very large
8 part of it, as opposed to interim retirements.

9 **Q. How does NARUC define gross salvage?**

10 A. Gross salvage is the amount recorded for the property retired due to the sale,
11 reimbursement, or reuse of the property.

12 **Q. How does NARUC define an interim retirement?**

13 A. An interim retirement is the retirement of component parts of a major structure prior to the
14 complete removal of the retirement unit from service.

15 **Q. How does NARUC define interim salvage?**

16 A. Interim salvage is the salvage received from the disposition of plant as a result of interim
17 retirements.

18 **Q. How does NARUC define net salvage?**

19 A. Net salvage is the gross salvage for the retired property less its cost of removal.

20 **Q. How does NARUC define a retirement?**

21 A. A retirement is the sale, abandonment, destruction, or withdrawal of assets from service.

1 **Q. How does Introduction to Depreciation define cost of removal?**

2 A. Cost of removal is the costs to demolish, dismantle, tear down, or otherwise remove plant
3 from service, including the cost of handling and transportation. Cost of removal is also
4 used interchangeably with cost of retirement for assets that are retired in place, such as a
5 gas pipeline.

6 **Q. How does Introduction to Depreciation define an interim retirement?**

7 A. Introduction to Depreciation defines interim retirements as the retirement of individual
8 assets occurring prior to the retirement of the overall property group.

9 **Q. How does Introduction to Depreciation define net salvage?**

10 A. Net salvage is defined as the difference between the value of salvage and cost of removal
11 resulting from the removal, abandonment, or other disposition of plant. Positive net salvage
12 results when salvage values exceed removal costs. Negative net salvage results when
13 removal costs exceed the salvage value. Positive net salvage decreases the cost to be
14 recovered through depreciation expense and negative net salvage increases it.

15 **Q. How does Introduction to Depreciation define a retirement unit?**

16 A. A retirement unit is the smallest unit of plant for which addition and retirement records are
17 maintained as defined by utility process and procedures manuals.

18 **General Plant Amortization/Vintage Year Accounting**

19 **Q. What is General Plant Amortization or Vintage Year Accounting?**

20 A. General Plant Amortization and Vintage Year Accounting are just two names for the same
21 method of amortizing assets. However, this amortization method is distinct from depreciation
22 expense. Depreciation expense is calculated using the historical experience of the average
23 lives of the assets contained in an account. General Plant Amortization/Vintage Year

1 Accounting, by contrast, specifies the defined period that the Company may recover costs for
2 capital investments in specific accounts and are not tied to the actual life of the assets in those
3 accounts.

4 **Q. Has the Federal Energy Regulatory Commission (“FERC”) provided any guidance**
5 **on the issue of General Plant Amortization or Vintage Year Accounting?**

6 A. Yes. On January 1, 1997, FERC issued Accounting Release Number 15 (AR-15), *Vintage*
7 *Year Accounting for General Plant Accounts*, for electric, natural gas, oil, and hydropower
8 companies. AR-15 allows utilities to use a simplified method of accounting for general
9 plant assets, (referred to as “General Property”) excluding structures and improvements,
10 for three reasons:

- 11 1) it allows high-volume, low-cost assets to be amortized over their associated
- 12 useful life;
- 13 2) it eliminates the need to track individual assets; and
- 14 3) it allows a retirement to be booked at the end of the theoretical depreciable life.

15 FERC’s AR-15 also provides a list of certain general plant accounts that could reasonably
16 use the Vintage Year Accounting

17 To demonstrate how Vintage Year Accounting works, I will use account 391,
18 Office Furniture and Equipment, as an example. The end of the update period for plant
19 additions in this case is December 31, 2024, and Mr. Spanos’ recommended average
20 service life for account 391, Office Furniture and Equipment, is 15 years. Therefore, any
21 remaining asset from account 391 that is on the books must have been placed into service
22 after December 31, 2009. So, if the Commission approves General Plant Amortization, the
23 in-service dates that need to be retired in this account are for any plant that is older than

1 December 31, 2009. Assets placed into service before that date exceed the amortization
2 period and the Company has fully recovered those investments.

3 **Q. Do you recommend using General Plant Amortization or Vintage Year Accounting for**
4 **General Plant Accounts?**

5 A. No, I do not.

6 **Q. What concerns are driving your recommendation against moving towards General**
7 **Plant Amortization?**

8 A. There are two major problems that I see with General Plant Amortization. The first problem
9 is that General Plant Amortization, without unitized record-keeping, hinders the
10 Commission from performing an effective prudence review of plant added to these
11 accounts. One aspect of General Plant Amortization being “simpler” is that it is less
12 specific. Under the General Plant Amortization method, only two values matter: 1) the total
13 additions for an account in a vintage year and 2) the amortization period over which the
14 original investment can be recouped. The total additions under General Plant Amortization
15 do not reflect the costs *per retirement unit*, preventing other parties from auditing these
16 additions based on the cost per unit.

17 The second issue with General Plant Amortization is that it does not yield actual
18 historical data for the depreciation rate in the select account that differs from the period
19 that is set. Effectively, any future depreciation study could not properly analyze the actual
20 lives of the asset and match the actual lives with an appropriate depreciation rate because
21 it is tracking the dollars over a period of time and not whether the actual assets are still
22 being used and useful.

1 Under General Plant Amortization, amortization periods are not necessarily related
2 to the useful life and retirement of the company's assets. Instead, the retirement that the
3 company records in its accounting book relates to the retirement of dollars. Depreciation,
4 as a regulatory concept, is designed to determine the appropriate amount of time for
5 customers to repay the company's shareholders' return of investment based on the useful
6 lives of the company's assets. With General Plant Amortization, however, a company may
7 retire some plant assets prior to the amortization period while utilizing other assets for years
8 beyond the amortization period. This method of accounting does not follow specific assets,
9 it follows dollars. Therefore, regulators cannot use General Plant Amortization to identify
10 the appropriate recovery period for Ameren Missouri's assets. Any recorded data would
11 merely create a loop of identical information feeding the depreciation study data going
12 forward.

13 **Q. How does Ameren's use of General Plant Amortization cause future depreciation**
14 **studies data to create this "information loop"?**

15 A. Depreciation studies determine depreciation rates using the experienced mortality, *i.e.*, the
16 documented historical retirement data of the assets in an account. In other words, the
17 auditing party reviews the company's records of how long plant is lasting before it needs
18 to be retired to determine its average usable or "service" life. However, under the General
19 Plant Amortization method of accounting, plant is retired, from a bookkeeping perspective,
20 as soon as it is "fully accrued" (*i.e.* the accumulated depreciation reserve has met or
21 exceeded the original cost of the plant). Therefore, plant will be recorded as "retired" at the
22 end of its calculated average service life regardless of whether the asset itself is still in use.
23 Because the retirements are being driven by the average service life and the average service

1 life is the time before the plant is retired, a circular loop is created where the retirement
2 dictates the average service life, and the average service life dictates the retirement.

3 **Q. How would a depreciation expert faced with this information loop be able to change**
4 **a General Plant Amortization in a future rate proceeding?**

5 A. In order to accurately determine an account's General Plant Amortization rate in the future,
6 reviewing two potential pieces of information is needed. One relevant piece of information
7 would be the retirement data for the plant in the account that is requested to be changed.
8 However, that account will only show that the current ordered amortization period is the
9 appropriate value for the retirement rate. The second piece of information is similar utilities
10 and their ordered depreciation rates. A third way of adjusting these amortization rates has
11 recently come up by which some depreciation experts recommend that remaining life
12 depreciation principles and practices be applied to those accounts once general plant
13 amortization has been approved.

14 **Q. Are there any other aspects of changing General Plant Amortizations that may cause**
15 **concern?**

16 A. Yes. If Ameren Missouri's request to implement Generalized Plant Amortization for its
17 gas service is approved, the Company would be able to continue receiving funds for fully-
18 accrued plant. Ameren Missouri must retire any asset that remains on the books past its
19 amortization period in the accounts for which it is requesting to use General Plant
20 Amortization. Unless ordered to retire these fully-accrued assets, the switch from
21 depreciation expense to General Plant Amortization would allow the Company to continue
22 charging customers for fully-reimbursed assets.

1 Also, I note that additional amortizations may be needed on an account-by-account
2 basis to correct for reserve imbalances if Ameren Missouri's request to use General Plant
3 Amortization is approved.

4 **Q. Do you have any recommendations if the Commission determines that general plant**
5 **amortization is appropriate?**

6 A. Yes. If the Commission approves Ameren Missouri's request for General Plant Amortization,
7 it should order Ameren Missouri to keep recording the original cost and associated retirement
8 units for all additional assets to the relevant accounts. Additionally, Ameren Missouri should
9 retire all general plant that exceeds the amortization period.

10 **Q. Please summarize your recommendation related to General Plant Amortization or**
11 **Vintage Year Accounting.**

12 A. I recommend the Commission deny Ameren Missouri's request for general plant
13 amortization for the reasons discussed above.

14 **Depreciation Study Recovery Period**

15 **Q. What recovery period do you recommend for the depreciation Study provided by**
16 **Ameren Missouri in this rate case?**

17 A. I recommend recovery for the cost of the depreciation study supplied in this case over a
18 five-year period.

19 **Q. Why do you recommend recovery over a five-year period?**

20 A. 20 CSR 4240-40.090 provides the Commission's requirements for the submission of
21 natural gas utility depreciation studies. Natural gas utilities are required to file a
22 depreciation study, depreciation data base, and property unit catalog every five years.

1 **Q. Does this conclude your direct testimony?**

2 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) Case No. GR-2024-0369
Revenues for Natural Gas Service)

AFFIDAVIT OF JOHN A. ROBINETT

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

John A. Robinett, of lawful age and being first duly sworn, deposes and states:

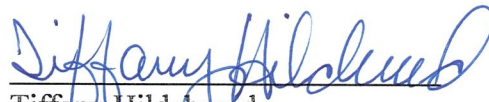
1. My name is John A. Robinett. I am a Utility Engineering Specialist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.



John A. Robinett
Utility Engineering Specialist

Subscribed and sworn to me this 27th day of February 2025.

TIFFANY HILDEBRAND NOTARY PUBLIC - NOTARY SEAL STATE OF MISSOURI MY COMMISSION EXPIRES AUGUST 8, 2027 COLE COUNTY COMMISSION #15637121



Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2027.