

*Exhibit No.:*  
*Issue(s):* Depreciation  
*Witness:* Malachi Bowman  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Surrebuttal/True-Up Direct  
Testimony  
*Case No.:* GR-2024-0369  
*Date Testimony Prepared:* May 2, 2025

**MISSOURI PUBLIC SERVICE COMMISSION**  
**INDUSTRY ANALYSIS DIVISION**  
**ENGINEERING DEPARTMENT**

**SURREBUTTAL/TRUE-UP DIRECT TESTIMONY**  
**OF**  
**MALACHI BOWMAN**

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

**CASE NO. GR-2024-0369**

*Jefferson City, Missouri*  
*May 2025*

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1                                   **SURREBUTTAL/TRUE-UP DIRECT TESTIMONY**

2                                   **OF**

3                                   **MALACHI BOWMAN**

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

6                                   **CASE NO. GR-2024-0369**

7                   Q.     Please state your name and business address.

8                   A.     My name is Malachi Bowman and my business address is 200 Madison Street,  
9                   Jefferson City, Missouri 65101.

10                  Q.     By whom are you employed and in what capacity

11                  A.     I am employed by the Missouri Public Service Commission (“Commission”) as  
12                  an Associate Engineer in the Engineering Analysis Department, Industry Analysis Division.

13                  Q.     Are you the same Malachi Bowman who filed Direct Testimony on  
14                  February 28, 2025 and Rebuttal Testimony on April 4, 2025, in this proceeding?

15                  A.     Yes, I am.

16                  Q.     What is the purpose of your surrebuttal/true-up direct testimony?

17                  A.     The purpose of my testimony will be to address Ameren Missouri witness  
18                  John J. Spanos’s position on the use of the Remaining Life technique instead of the Whole Life  
19                  technique along with Witness Spanos’s position on Staff’s recommended reserve adjustments.  
20                  Additionally, I will further discuss my reasoning for maintaining current service lives for select  
21                  accounts and I will correct a typo in my recommended depreciation schedule.

**WHOLE LIFE VERSES REMAINING LIFE**

Q. What are Witness Spanos's reasons for using the Remaining Life technique instead of the Whole Life technique?

A. Witness Spanos states that the "whole life technique is used in a few jurisdictions, but is not nearly as prevalent as the remaining life technique"<sup>1</sup> and the "remaining life technique has been used to calculate approved rates since the last several Ameren Missouri rate case."<sup>2</sup> While it is true that the currently ordered rates use the remaining life technique, Staff has consistently used the whole life technique in developing its recommended depreciation rates. In Ameren Missouri rate case, GR-2019-0077, Staff recommended rates which were developed using the Whole Life technique, but Ameren Missouri recommended rates using the Remaining Life technique and its rates were agreed to by stipulation<sup>3</sup>.

Additionally, the Whole Life technique is being used by Mr. Spanos in the current Spire Missouri Rate Case, GR-2025-0107, displaying that the Whole Life technique is a reasonable technique to calculate depreciation rates.

**RESERVE ADJUSTMENTS**

Q. What is Witness Spanos's position on Staff's recommended reserve adjustments?

A. Witness Spanos states there is no basis to making the adjustments, but Staff's position is that there is a basis for making this adjustment. Spire Missouri stated that accounts 305, 311, and 387 have negative reserves "primarily as a result of retirements and removal costs

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<sup>1</sup> Page 3 Spanos Rebuttal.

<sup>2</sup> Page 2 Spanos Rebuttal.

<sup>3</sup> GR-2019-0077, Item 156, Page 6.

1 (both debits to the reserve account) exceeding depreciation (credits to the reserve account) over  
2 the life of the accounts.”<sup>4</sup>

3 Q. Why does Staff believe there is a basis to reallocate the negative reserve balances  
4 for these accounts?

5 A. A negative reserve balance can occur if assets are retired early compared to the  
6 life characteristics of the account or there is mis-booking by the utility company. If these  
7 negative reserve values are not moved or removed, the negative reserve will cause rate base to  
8 be larger than it necessarily should be.

9 Staff has been aware of the negative reserve balances in these accounts since before the  
10 2019 rate case. In 2019, Staff witness David T. Buttig, PE recommended that the negative  
11 reserve balances for these accounts be reallocated. Account 376 and 380 have large reserves  
12 that can absorb the negative reserve. Account 374 was chosen also to remove the remaining  
13 positive reserve in that account to bring it to \$0, since it is a non-depreciable account.  
14 Staff views this as a reasonable solution to keep the rate base from being larger than it  
15 necessarily should be due to the negative reserve balances.

16 **SERVICE LIFE RECOMMENDATIONS**

17 Q. What is Spanos’s position against Staff’s service life recommendations?

18 A. Spanos states that Staff did not provide justification as to why certain “accounts  
19 should not utilize all the information obtained during the depreciation study as was done for all  
20 other accounts”<sup>5</sup>. The accounts Witness Spanos is referring to are Accounts: 367, Mains;  
21 369, Measuring and Regulating Station Equipment; 378, Measuring and Regulating Station

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<sup>4</sup> Data Request No. 0240, GR-2024-0369.

<sup>5</sup> Page 8, Spanos Rebuttal.

1 Equipment – General; and 379, Measuring and Regulating Station Equipment – City Gate.  
2 Staff is unaware of any other information or management decisions that would justify changing  
3 the service lives of these accounts and there is no mention of this information in Spanos’s  
4 testimony. In Chapter XIII of Public Utility Depreciation Practices<sup>6</sup>, NARUC states:

5 Trends in life or retirement dispersion can often be expected to continue.  
6 Likewise, **unless there is some reason to expect otherwise, stability in**  
7 **life or retirement dispersion can be expected to continue, at least in**  
8 **the near term.** [Emphasis added.]

9 Additionally, Witness Spanos disagreed with use of a 20-year service life for account  
10 381.02, Meters – AMI. Staff proposed this rate because there is limited data for this account  
11 and this service life was previously recommended for Spire Missouri. Witness Spanos states  
12 that the manufacturer stated the maximum battery life for the smart meters is 20 years and the  
13 meters will likely need to be replaced prior to the 20 years due to being “technology based”<sup>7</sup>.  
14 But, the smart meters for the Spire case are also “technology based” with a maximum meter  
15 battery service life of 20 years, according to the manufacturer, so a 20-year service life was  
16 ordered for that account in 2020 for this reason.<sup>8</sup> Additionally, in the current Spire case, witness  
17 Spanos recommended a 20-year service life for those meters though limited data was present.<sup>9</sup>  
18 Witness Spanos’s justification that the meters will need to be replaced prior to the 20 years due  
19 to being “technology based” is inconsistent with his recommendation for Spire although both  
20 smart meter accounts for the different companies exhibit the same qualities of being  
21 “technology based” and limited in mortality life data history. Therefore, Staff continues to hold  
22 the position that a 20-year service life for this account is reasonable.

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<sup>6</sup> National Association of Regulatory Utility Commissioners, Public Utility Depreciation Practices, 1996, page 126.

<sup>7</sup> Spanos Rebuttal, page 12, line 11.

<sup>8</sup> GO-2020-0416 Item 13, page 3.

<sup>9</sup> GR-2025-0107, Item 38, *Spire MO - JJS Supplemental Direct Testimony*, page VI-15.

**DEPRECIATION SCHEDULE CORRECTION**

Q. What correction are you making on your recommended depreciation schedule?

A. Staff noticed a minor typo in the depreciation schedule and has provided an updated schedule.

**CONCLUSION**

Q. In conclusion, what are Staff's recommendations?

A. Staff is recommending the use of the depreciation rates prepared by Staff attached as Schedule MB-s1.

Q. Does this conclude your surrebuttal/true-up direct testimony?

A. Yes, it does.

**OF THE STATE OF MISSOURI**

Case No. GR-2024-0369

[illegible]

Further the Affiant sayeth not.

  
MALACHI BOWMAN

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 28th day of April 2025.





Ameren Missouri (Gas)			
Schedule of Depreciation Rates			
GR-2024-0369			
<u>Depreciable Plant</u>		<u>Net Salvage</u>	<u>Depreciation Rate</u>
<b>Transmission</b>			
366	Structures and Improvements	-10%	1.69%
367	Mains	-10%	1.83%
369	Measuring and Regulating Station Equipment	-5%	2.10%
<b>Distribution</b>			
375	Structures and Improvements	-5%	2.10%
376	Mains	-5%	1.75%
378	Measuring and Regulating Station Equipment - General	-5%	2.33%
379	Measuring and Regulating Station Equipment - City Gate	-5%	2.33%
380	Services	-10%	1.83%
381	Meters	3%	3.23%
381.02	Meters - AMI	0%	5.00%
383	House Regulators	-25%	2.66%
385	Industrial Measuring and Regulating Station Equipment	0%	2.50%
<b>General Plant</b>			
390	Structures and Improvements	-5%	2.76%
391	Office Furniture and Equipment	0%	6.67%
391.2	Office Furniture and Equipment - Computers	0%	20.00%
392	Transportation Equipment	15%	6.54%
393 <sup>1</sup>	Stores Equipment	0%	5.00%
394	Tools, Shop and Garage Equipment	0%	5.00%
395	Laboratory Equipment	0%	5.00%
396	Power Operated Equipment	20%	5.33%
397	Communication Equipment	0%	6.67%
398	Miscellaneous Equipment	0%	6.67%

<sup>1</sup> Ameren Missouri allocates general plant in account 393 to gas operations. Staff recommends aligning this depreciation rate to its recommendation in ER-2024-0319.