

Exhibit:

*Issue(s): Billed/unbilled revenue,
imbalance cash out*

*Witness: Kimberly K. Tones, CPA,
CIA*

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

FINANCIAL AND BUSINESS ANALYSIS DIVISION

PROCUREMENT ANALYSIS DEPARTMENT

SURREBUTTAL/TRUE-UP DIRECT TESTIMONY

OF

KIMBERLY K. TONES, CPA, CIA

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

CASE NO. GR-2024-0369

*Jefferson City, Missouri
May 2025*

**** Denotes Confidential Information ****

SURREBUTTAL/TRUE-UP DIRECT TESTIMONY

OF

KIMBERLY K. TONES, CPA, CIA

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

CASE NO. GR-2024-0369

Q. Please state your name and business address.

A. My name is Kimberly K. Tones, CPA, CIA and my business address is 200 Madison Street, Jefferson City, MO, 65102.

Q. Are you the same Kimberly K. Tones, CPA, CIA who previously provided testimony in this case?

A. Yes. I provided direct testimony in this case on February 28, 2025.

Q. What is the purpose of your surrebuttal testimony?

A. The purpose of this filing is to respond to the rebuttal testimonies of Michael W. Harding¹, Steven M. Wills², and Stephen J. Hipkiss³ concerning imbalance/cashout calculations and billed/unbilled revenues, and to clarify/summarize Staff's position regarding these topics. Please note that I have not attempted to respond to every position offered by these witnesses, and the fact that I may not have responded to any particular position or statement made by these witnesses does not indicate my agreement with that position or statement.

¹ Rebuttal testimony of Michael W. Harding, Section II. Billed Revenue, pages 1 – 4 and Section III. Imbalances, pages 4 – 5.

² Rebuttal testimony of Steven M. Wills, Section III. Billed Revenue, pages 9 – 13.

³ Rebuttal testimony of Stephen J. Hipkiss, Section IV. Billed and Unbilled Revenues, pages 24 – 25.

IMBALANCES/CASHOUTS

Q. Briefly, what was Staff's position presented in direct testimony as it concerns the imbalance/cash out calculations.

A. Based on Staff's analysis comparing over and under delivered supply for non-school transportation customers (daily balanced customers) noted in the table below, Staff recommended modification of over delivered (positive imbalance) to create a more symmetrical lesser of gas daily midpoint (a.k.a. gas daily average or "GDA") or the Purchased Gas Adjustment ("PGA") rate test (versus a greater of test for under delivered (negative imbalance) volumes) with two goals in mind : 1) to increase the number of imbalances within tolerance, and 2) to ensure Ameren Missouri's firm sales customers are protected from paying high daily spot prices for supplies that even when reimbursed at 90% of GDA may far exceed the costs of those supplies available to and purchased on behalf of Ameren Missouri's firm customers.

**



**

Q. What modification did Ameren propose for the cash out process?

A. Ameren Missouri proposed modification of the cash out process for under delivered volumes (negative imbalance) greater than 5% to use 110% of the daily midpoint indexed commodity price, which Ameren Missouri stated better aligns the imbalance charges with actual costs.

1 Q. Did Ameren Missouri provide any analysis or support for its proposed
2 modifications to the imbalance/cash out changes proposed?

3 A. No, Ameren Missouri did not provide sufficient support. Staff requested
4 supporting analysis in Staff data request 146 and 146.1 for Ameren Missouri's request to
5 increase the cash out index for under delivered (negative imbalances) as well as any analysis
6 performed on the other three quadrants of the cash out matrix⁴. In response to Staff data request
7 146, Ameren Missouri presented a comparison of the charge calculations under the current and
8 proposed tariff showing a ** [REDACTED]

9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]. **

16 Q. What was Ameren Missouri's response to Staff's recommended change to
17 cashing out over deliveries (positive imbalances)?

18 A. Ameren Missouri, through Michael W. Harding's rebuttal testimony,
19 did not support Staff's recommendation for changing the cash out process for over deliveries
20 (positive imbalances) stating that, "If negative and positive imbalance provisions were equal,
21 it could result in indifference to under or over scheduling, or worse, customers may actually
22 prefer to under schedule on the coldest days in hopes that Intraday prices might moderate from

⁴ See Schedule KKT – d3 for the current cash out matrices applicable to transportation customers.

1 previous Day Ahead highs, providing them less disincentive and risk than overscheduling”⁵.
2 Further, it appears that Ameren Missouri’s current asymmetrical imbalance calculation is
3 intended to incent marketers to overschedule gas, as opposed to under schedule⁶ or to remain
4 within tolerance. Ameren Missouri stated they are open to support continued monitoring of
5 these imbalances; however, given that Ameren Missouri provided no analysis in response to
6 Staff’s data request 146 or 146.1 (or in response to ACA case standard data requests for any
7 and all analysis performed relevant to the ACA cycle), it is unclear what analysis has been
8 completed to date.

9 Q. Based on your analysis, has your recommendation to modify pricing index for
10 over delivered (positive imbalance) changed?

11 A. Staff is concerned that there might be some possibility that Staff’s proposed
12 changes, in the context of a significant Storm Uri type event, might lessen the availability of
13 supplies if transporters and their marketers chose to under-deliver gas to avoid selling their
14 excess supply to Ameren Missouri. However, Staff maintains its original concern that
15 Ameren Missouri may be paying excessively high prices for over-delivered gas in high cost
16 markets. Staff is therefore modifying its tariff proposal to recommend that Ameren Missouri
17 closely monitor gas sales to marketers in times of high daily prices.

⁵ Rebuttal testimony of Michael W. Harding, page 5, lines 11 – 15.

⁶ Rebuttal testimony of Michael W. Harding, page 5, lines 9 – 11.

BILLED/UNBILLED REVENUE

Q. Briefly, what was Staff's position presented in direct testimony as it concerns billed and unbilled revenue.

A. In Ameren Missouri ACA case GR-2022-0351, Staff's revenue testing attempted to trace customer bills back to detailed revenue reports with the audit results showing that bills generated towards the end of the month were not reported in the corresponding revenue month but in the month that followed. Schedule KKT – d6 from my direct testimony is one such example where the customer bill dated August 31st reflects dates of service from 7/31-8/29/2022 yet appears in the September detailed billed revenue report. Staff's position was that given a bill was generated in August reflecting dates of service through August 29th that the account was billed and should have been reported in August revenues and in that ACA case, recommended an adjustment of **. [REDACTED] [REDACTED]. ** Those adjustments were never made with the understanding that Staff would continue to work with Ameren Missouri to better understand the billing processes that led to Staff's recommendation in that case. Staff met with Ameren Missouri on several occasions with Ameren Missouri concluding they were following their tariff and meter read and billing schedule and Staff, based on revenue testing, was not convinced Ameren Missouri complied with their tariff. In this rate case, Staff's recommendation is attempting to resolve such revenue reporting discrepancies by clearly defining billed revenues in a manner that is both objective and consistent with Generally Accepted Accounting Principles ("GAAP").

Q. Having reviewed Mr. Harding's rebuttal testimony, what are your takeaways?

1 A. I believe the Q&A on page 2, beginning on line 9 of Mr. Harding's testimony
2 where he states that a comprehensive analysis of the change needed has not been performed
3 and the complexity, cost, etc., in Staff's opinion, are not known and are speculative at best.
4 I think it is important to point out that this issue does not appear to be limited to only
5 Ameren Missouri's LDC operations but is most likely system wide. Given that customer rates
6 are impacted by the classification of revenues as billed or unbilled, the true cost to
7 Ameren Missouri's customers, both electric and natural gas, is also unknown and warrants the
8 need for the Commission to understand both the cost of modifying its current billing schedule
9 against the impact on customer rates resulting from delayed revenue recognition.

10 Q. Is there anything else that stands out to you in Mr. Harding's testimony?

11 A. Yes, Mr. Harding's use of the term "superficial uniformity" on page 3, line 17
12 as it relates to revenue recognition practices and the statement on line 18 that the current method
13 fully complies with applicable accounting standards. Accounting Standards Codification
14 ("ASC") 606 established best practices for reporting purposes among companies, both public
15 and private, to ensure consistency and transparency in financial reporting. I would not refer to
16 adherence to ASC 606 as superficial uniformity. ASC 606 creates a framework designed to
17 improve transparency and comparability both within and across industries based on objective
18 measures/steps. Variability in the method or systems and number of steps required to bill
19 customers will vary across LDCs but the revenue recognition criteria does not. The customer
20 bill in Schedule KKT – d6 is billed and meets all the ASC 606 revenue recognition criteria for
21 inclusion in August revenues, yet is reported in September revenues.

22 Q. Moving to the rebuttal testimony of Steven M. Wills, are there any items you
23 would like to address?

1 A. Yes. First, I would like to add context to Mr. Wills' statements on page 11, lines
2 3-4 that Staff "suddenly" in the 2023 ACA case and here in this case, "has become fixated",
3 that certain customer bills did not show up in months consistent with Staff's "expectations".

4 Staff first became aware of the delayed revenue reporting in Case No. GR-2022-0351
5 (2021-2022 Actual Cost Adjustment ("ACA") case). As part of the ACA review,
6 Staff requested detailed revenue reports to support the total revenues reported and then traced
7 a sample of actual customer bills to those revenue reports – a common audit procedure used to
8 test completeness and cut-off (matching principle). From testing, a pattern emerged where
9 customer bills with statement dates towards the end of the month were recorded in the following
10 month revenue reports (and general ledger). To my knowledge, it was the first time Staff had
11 received these detailed reports that allowed for this level of testing. Testing of revenues was
12 designed to determine compliance with Ameren Missouri's tariff and based on my reading of
13 the tariff, noting no clear definition of billed revenues, I relied on payment information
14 provisions such as that appearing in section 6. Payments on Sheet No. 5 of Ameren Missouri's
15 current tariff, "Bills are due and payable within twenty-one (21) days from the date of the bill".
16 It seemed logical then that if a bill is generated, it is "billed" so I "expected" to see the revenue
17 reported in the same month the statement was dated. It is the determination of "expectations"
18 prior to testing that are necessary to evaluate compliance. Once exceptions are identified,
19 then the real work begins with trying to understand why the exceptions occurred and if those
20 exceptions can be remediated without a finding of non-compliance.

21 Q. You say the real work began after you identified these exceptions;
22 please elaborate.

1 A. When audit testing results in an unexpected result, the auditor then has to
2 determine the cause(s) and pervasiveness of the exception and then determine next steps which
3 could include changing testing criteria, expanding testing, etc. As Mr. Wills stated, PSC Staff
4 and Ameren Missouri staff met virtually, shared information back and forth and so on in an
5 attempt to gain a better understanding of the billing processes. And while Mr. Wills did provide
6 the PowerPoint information referenced in his rebuttal testimony, Staff had asked for the
7 programming logic, initially believing the billing system was processing the revenue month
8 date incorrectly or was pulling the billed date from an incorrect field. Staff wanted to discuss
9 the programming logic with Ameren Missouri IT personnel to understand what options were
10 available to remedy the revenue month mismatch. Ameren Missouri did not provide the
11 requested programming logic nor access to its IT personnel with this knowledge.
12 Both Mr. Harding and Mr. Wills rebuttal testimony make statements to the effect that this
13 processing schedule has been in place for decades and it appears that the billing schedule portion
14 of the meter read and billing schedule has not been updated to reflect the technological
15 improvements and billing process efficiencies. Ultimately, Staff concluded that prior to the
16 modifications to the billing system that were made to allow Ameren Missouri to bill its electric
17 customers prorated seasonally adjusted rates⁷, the billing routine may have followed the meter
18 read and billing schedule. However, the addition of the billing windows appears to have
19 provided more flexibility with each billing window processed independently of the other three
20 and generation of a customer bill in as little as the same day.

⁷ Case no. ER-2019-0337 referenced on Mr. Wills Schedule SMW-R1, page 8 of the PowerPoint.

1 Q. Was Mr. Wills' PowerPoint explanation along with the meetings held,
2 emails exchanged between Staff and Ameren Missouri sufficient to resolve the exceptions noted
3 during testing?

4 A. No, not in a complete fashion. Ameren Missouri stated that it was compliant
5 with its tariff by following the meter read and billing schedule. However, when testing against
6 the meter read and billing schedule, for example, customer bills assigned a September revenue
7 month did not reflect September billing dates. Ameren Missouri had stated that up to six days⁸
8 from the meter download date could be added to arrive at the assigned revenue month.
9 If Ameren Missouri's billing system was following the meter read and billing schedule reflected
10 in Schedule KKT – s2, the customer bill in Schedule KKT – d6 with a meter read ending date
11 of 8/29 would have the bill processed (dated) on 9/1 (column (4) meter upload & bill
12 processing) and no exception would exist. Based on testing, it does not appear that the billing
13 system completes the tasks (Schedule KKT–s2) reflected in column headers
14 "Meter Download" through "Mail Date") consistent with this billing timeline and is the basis
15 for Staff's recommendation to set the Revenue Month (third column) equal to the meter read
16 date (first column) and to clearly define billed revenue in Ameren Missouri's tariff to include
17 all meters read through the end of any month to be included in that month's billed revenues
18 regardless of whether billing is completed that same day or two weeks from the meter read date.

19 Q. Do you have any comments on the rebuttal testimony of Stephen J. Hipkiss?

20 A. Yes. Staff agrees that the terms "billed" and "unbilled" are not referenced in
21 ASC 606; however, Staff does not agree that there is no relationship of revenues classified as
22 "billed" or "unbilled" to revenue recognition principles that Mr. Hipkiss agrees are applicable

⁸ Schedule KKT – s2

1 to Ameren Missouri. Referring back to the customer bill in Schedule KKT – d6, this customer
2 bill reflects service delivery from 7/31 to 8/29 and a statement date of August 31st. The revenue
3 recognition steps in ASC 606 have been met and the revenue should be recognized in August.
4 However, Ameren Missouri does not recognize these billed revenues i.e. classifies revenues
5 such as this as “unbilled” and delays recognition until September. Ameren Missouri has stated
6 that the reporting used for ACA purposes is the same for general ledger financial reporting.

7 Q. Based on the information provide in the rebuttal testimony of Mr.’s Harding,
8 Wills, and Hipkiss has your recommendation changed regarding billed/unbilled revenues?
9 Please explain your response.

10 A. Staff is moderating its position based upon the unavailability of a complete
11 analysis regarding the cost of Staff’s proposal. Given the complexity of this issue, and the fact
12 that some costs to implement Staff’s recommended approach could, in some situations,
13 be material, an amended Staff recommendation is now proposed. When, and if,
14 Ameren Missouri is considering an update to its legacy billing system, it should evaluate the
15 costs and benefits of implementing Staff’s recommended change. Staff reiterates that it has no
16 issue with the meter read portion of the meter read and billing schedule and makes no
17 recommendation to change the meter read cycles; it is only the assignment of the revenue month
18 based on estimated revenue month and not the actual revenue month, that requires a clear
19 definition of “billed” based on an objective measure, such as the meter read date that was
20 recommended by Staff.

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

22 A. Yes.

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

AFFIDAVIT OF KIMBERLY K. TONES, CPA, CIA

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

COMES NOW KIMBERLY K. TONES, CPA, CIA and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal / True-Up Direct Testimony of Kimberly K. Tones, CPA, CIA*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


KIMBERLY K. TONES, CPA, CIA

JURAT

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 29th day of April 2025.




Notary Public

Case No. GR-2024-0369

SCHEDULE KKT-s2

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY