

**Exhibit No.:**

**Issue(s):**

**Witness/Type of Exhibit:**

**Sponsoring Party:**

**Case No.:**

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Discrete Adjustments

Riley/Surrebuttal

Public Counsel

GR-2024-0369

**SURREBUTTAL TESTIMONY**

**OF**

**JOHN S. RILEY**

Submitted on Behalf of the Office of the Public Counsel

**UNION ELECTRIC COMPANY**

**D/B/A AMEREN MISSOURI**

FILE NO. GR-2024-0369

May 2, 2025

**SURREBUTTAL TESTIMONY**  
**OF**  
**JOHN S. RILEY**  
**UNION ELECTRIC COMPANY**  
**D/B/A AMEREN MISSOURI**  
**CASE NO. GR-2024-0369**

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

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

3 **Q. Are you the same John S. Riley who prepared and filed rebuttal testimony in this case**  
4 **on behalf of the Office of the Public Counsel?**

5 A. Yes.

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

7 A. I will be responding to Staff witness Mr. Mathew R. Young's rebuttal remarks concerning the  
8 proposed \$50.1 million discrete adjustment. I will also respond to Ameren Missouri witnesses  
9 Ms. Pamela Harrison and Mr. Steven Wills rebuttal testimony concerning the Phase 2 portion  
10 of its expansion project.

11 **PHASE 2 EXCLUSION FROM RATE BASE**

12 **Q. Could you summarize your position on including the discrete adjustment in the revenue**  
13 **requirement of the current case?**

14 A. Phase 2 of the Northeast Territory Project is not currently necessary for safe and adequate  
15 service to the existing ratepayers. Further, the project's cost will not be adequately measurable  
16 before the conclusion of this current rate case and this discrete adjustment should be denied.

1 **Q. On page 4 of his rebuttal testimony, Staff witness Mr. Young pointed out that Ameren**  
2 **Missouri decided to include the Phase 2 portion of the three-phase project just 19 days**  
3 **prior to filing its rate request. The Company has also set a completion date of the end**  
4 **of July. What concerns do you have with this accelerated timeframe?**

5 A. My concerns with this timeframe mirror Staff witness Young's. As Mr. Young pointed out in  
6 his rebuttal; this project's completion date is two months after the cut-off for discovery. An  
7 adequate review would not be possible. The "known and measurable" requirement isn't just  
8 about reviewing the numbers in the general ledger accounts. Known and measurable isn't just  
9 recognizing that the project is completed, and all costs are accounted for. It is also necessary  
10 to understand the need for the project and *why* those costs were incurred. In public utility  
11 regulation, auditors should carry a certain level of professional skepticism. Skepticism is what  
12 prompts auditors to ask why, to take the time to look deeper, to test an outcome, to make sure  
13 that the measure is accurate.

14 The Company has a self-imposed deadline on Phase 2 in hopes that the Commission will  
15 include these assets in this case. If any unforeseen obstacle slowed the construction pace, a  
16 great deal of additional resources would be brought to the site to keep this project on this  
17 timeline. That inclusion means additional equipment, manpower and overtime payroll that  
18 would need to be reviewed for prudence to ensure that the Company's self-imposed deadline,  
19 to argue rate case inclusion, wasn't met by adding costs unnecessarily. Or, in a contrary light,  
20 was the projected budget padded enough so that coming in under cost has a satisfying affect  
21 on Staff and the Commission to allow some leeway? The Company states that the project  
22 will be operational in July. September 1 is the operation of law date.<sup>1</sup> Staff and OPC will  
23 have only one month to review this substantial plant addition for reasonable costs and

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<sup>1</sup> Company witness Harrison rebuttal testimony, page 2

1 usefulness. My point here is that an adequate review of “known and measurable” will require  
2 cost and operational reviews that simple should not be rubber stamped due to a Company  
3 generated compressed timeframe.

4 **Q. In rebuttal testimony, Ameren Missouri witness Mr. Wills discusses the matching**  
5 **principle, which Staff relies on to apply revenue, expenses and investments to a test year**  
6 **and true-up period. Specifically, Mr. Wills argues that it should not be applied to**  
7 **Ameren Missouri’s proposed discrete adjustment because the investment is too large to**  
8 **ignore.<sup>2</sup> How do you respond to this claim?**

9 A. This argument brings me back to my rebuttal contention that the adjustment is too large to  
10 include as a last-minute item. The Company should have timed its rate case to adequately  
11 include the project and allowed all interested parties to determine known and measurable as  
12 well as used and useful.

13 **Q. You mention the concept of used and useful. Does any other witness mention this**  
14 **concern in rebuttal testimony?**

15 A. It doesn’t appear so. Neither Mr. Young nor Mr. Wills mention if the second phase is actually  
16 needed at this time. Ms. Harrison’s direct testimony states that the entire three phase project  
17 will run parallel to the current, fully operational, 8-inch transmission line that she admits will  
18 be downgraded when the Northeast Project becomes fully operational. Her rebuttal testimony  
19 updates the construction progress and assures regulators that the project will be known and  
20 measurable when it is placed into service. However, she does not mention if the project will  
21 actually be needed when it is placed into service.

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<sup>2</sup> Company witness Wills rebuttal, pages 5 and 6

1 **Q. Do you believe that Phase 2 will be necessary for safe and adequate service when it is**  
2 **completed?**

3 A. I do not. In her direct testimony, Ms. Harrison goes through the 3 phases of the Northeast  
4 Territory project. In fact, she acknowledges that the phase 2 project is not necessary to meet  
5 demand this year, stating “Phase 1 provides additional capacity to support the area’s growth  
6 *and to ensure adequate service during peak loads through the winter of 2024-2025.*”<sup>3</sup> The  
7 Company did not assert such an impact for Phase 2. Not only is Ameren Missouri requesting  
8 the inclusion of an asset that they admit will not be operational until after the evidentiary  
9 hearing, but the Company also describes in its answer to Staff data request 0251<sup>4</sup>, how phase  
10 2 really isn’t needed at this time.

11 **Q. What should the Commission do with this discrete adjustment?**

12 A. I would hope that the Commission sees this as a premature request and deny its inclusion in  
13 rate base for this case. The Company should have timed its rate case in a way that Phase 2  
14 could be reviewed with all costs acknowledged and no questions about the asset’s full  
15 usefulness.

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

17 A. Yes.

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<sup>3</sup> Company witness Harrison direct testimony, page 13 (emphasis added)

<sup>4</sup> Staff data request 0251 was a Schedule included with my rebuttal testimony.


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

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

  
John S. Riley  
Utility Regulatory Supervisor

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

  
Tiffany Hildebrand  
Notary Public