

## Exhibit No. 241

Commission Staff – Exhibit 241  
Lisa M. Ferguson  
Surrebuttal/True-Up Direct Testimony  
File Nos. ER-2021-0240 & GR-2021-0241

*Exhibit No.:*

*Issue(s): Meramec Tracker, Sales & Use Audit,  
Fuel Additives, MISO Day 2,  
Coal Refinement, Lambert Solar,  
LLRW, Amortizations, Board  
Documentation, Current Income Tax,  
State Tax – CWC, True-Up*

*Witness: Lisa M. Ferguson*

*Sponsoring Party: MoPSC Staff*

*Type of Exhibit: Surrebuttal /  
True-up Direct Testimony*

*Case No.: ER-2021-0240*

*Date Testimony Prepared: November 5, 2021*

**MISSOURI PUBLIC SERVICE COMMISSION  
FINANCIAL AND BUSINESS ANALYSIS DIVISION  
AUDITING DEPARTMENT**

**SURREBUTTAL / TRUE-UP DIRECT TESTIMONY**

**OF**

**LISA M. FERGUSON**

**UNION ELECTRIC COMPANY,  
d/b/a AMEREN MISSOURI**

**CASE NO. ER-2021-0240**

*Jefferson City, Missouri  
November 2021*

**\*\* Denotes Confidential Information \*\***

**TABLE OF CONTENTS OF  
SURREBUTTAL / TRUE-UP DIRECT TESTIMONY OF  
LISA M. FERGUSON  
UNION ELECTRIC COMPANY,  
d/b/a AMEREN MISSOURI  
CASE NO. GR-2021-0241**

1		
2		
3		
4		
5		
6		
7	MERAMEC RETIREMENT TRACKER – PROPERTY TAX AND INSURANCE.....	2
8	RESRAM.....	6
9	SALES/USE TAX AUDIT.....	8
10	FUEL ADDITIVES.....	10
11	MISO DAY 2 REVENUE & EXPENSE.....	12
12	COAL REFINEMENT.....	15
13	CALLAWAY UNPLANNED OUTAGE.....	15
14	LOW LEVEL RADIOACTIVE WASTE.....	19
15	NETTING OF AMORTIZATIONS.....	21
16	AMEREN BOARD OF DIRECTORS DOCUMENTATION.....	22
17	CURRENT INCOME TAX CALCULATION.....	26
18	STATE INCOME TAX – CWC IMPACT.....	27
19	TRUE-UP DIRECT.....	28
20	Accumulated Deferred Income Tax (ADIT).....	28
21	Excess Income Tax Tracker.....	28
22	MISO Transmission Revenue & Expense.....	28
23	Plant in Service Accounting (PISA).....	29
24	Renewable Energy Standard Rate Adjustment Mechanism (RESRAM).....	31
25	Miscellaneous Revenue.....	32
26	Renewable Energy Credits (RECs) and Emission Allowances.....	32

Surrebuttal / True-up Direct Testimony  
Lisa M. Ferguson

1	Fuel Inventory.....	32
2	Fuel Additives.....	33
3	Fuel Expense, Purchased Power, Energy & Capacity Sales.....	33
4	Low Level Radioactive Waste.....	33
5	Renewable Energy Standard (RES) Amortization Rebase.....	33
6	Solar Rebate Over/Under Recovery.....	34
7	MISO Day 2 Revenue and Expense.....	34
8	Ancillary Revenue and Expense.....	35
9	Transmission Revenue and Expense.....	35
10	Capacity Revenue and Expense.....	36
11		



1 **MERAMEC RETIREMENT TRACKER – PROPERTY TAX AND INSURANCE**

2 Q. On page 3, lines 2-7 of his rebuttal testimony, Ameren Missouri witness Mitchell  
3 Lansford states that Ameren Missouri is unwilling to include an amount of property tax related  
4 to Meramec as proposed in direct by Staff in the proposed tracking mechanism unless Staff is  
5 willing to accept a different definition of “known and measureable”. Can Staff explain its  
6 position on this issue?

7 A. Yes. There are several items in this argument that needs to be unpacked, starting  
8 with the direct positions of Staff and Ameren Missouri regarding the issue of property tax in  
9 general.

10 Q. What is Staff and Ameren Missouri’s direct positions on property taxes?

11 A. Ameren Missouri proposed and Staff included the test year amount of actual  
12 incurred utility property tax expense as of December 31, 2020.

13 Q. So if Ameren Missouri and Staff agree on the amount of property tax to be  
14 included in the revenue requirement in this case, what is the issue?

15 A. Ameren Missouri has attempted to change its position in rebuttal by linking the  
16 treatment of Meramec property taxes in the proposed tracker mechanism to the methodology  
17 used to determine the amount of property taxes in general. Ameren Missouri has portrayed the  
18 issue as a known and measureable inconsistency. Staff’s position is not inconsistent nor is this  
19 truly an issue concerning whether or not an amount of Meramec property tax should be included  
20 in base rates and the tracking mechanism. Ameren Missouri is inappropriately using Staff’s  
21 proposal on Meramec property taxes as leverage to attempt to force a change to Staff’s overall  
22 methodology of calculating property taxes to include in the revenue requirement in this case.  
23 The ratio method of calculating property tax referred to by Mr. Lansford is currently not

1 appropriate for Ameren Missouri. Staff witness Kimberly K. Bolin will discuss in her  
2 surrebuttal testimony the reasons why it is not appropriate.

3 Q. Ameren Missouri witness Lansford discusses Staff's position on property tax as  
4 applied in Case No. ER-2012-0166 and he opines on how that position is in opposition to its  
5 current position on property taxes for the Meramec tracker. Please summarize the pertinent  
6 facts in that case.

7 A. In that case, the Commission ordered that Ameren Missouri was to include in its  
8 cost of service the actual last known and paid amount of property tax, rather than utilizing a  
9 calculation of what the next year's property tax would possibly be. The Commission  
10 determined this on the grounds that some of the underlying components of the calculation for  
11 the next year's property tax was not known and measureable.

12 Q. Is the situation in the Case No. ER-2012-0166 the same situation as what Staff  
13 is proposing regarding the property tax to be included in the Meramec tracking mechanism?

14 A. No. In Case No. ER-2012-0166, Ameren Missouri was attempting to calculate  
15 an estimated amount of taxes using the actual assessed value of the utility assets but not the  
16 actual tax rates established by the taxing authorities in the multiple counties in the Company's  
17 service territory. That was an estimated tax amount. As for the property tax amount being  
18 proposed for the tracking mechanism in this case, Staff has included a reasonable allocation of  
19 an actual known and last paid amount of total overall property taxes. The allocation may be  
20 estimated but the underlying property tax amount is in fact known and measureable.

21 Q. What is the actual situation with the property tax for Meramec as it relates to the  
22 proposed tracking mechanism?

1           A.     Utility assets, other than wind facility assets, are considered distributable  
2 property for purposes of assessing property tax. The term “distributable property” of an electric  
3 company shall include all the real or tangible personal property which is used directly in the  
4 generation and distribution of electric power, but not property used as a collateral facility nor  
5 property held for purposes other than generation and distribution of electricity.<sup>1</sup> This means  
6 that for purposes of property tax, Ameren Missouri’s assets are assessed in total and not by  
7 individually specific plant assets. That situation is different for wind facilities due to recent  
8 legislation that was passed. Due to this, Staff requested a reasonable allocation of the property  
9 tax that was incurred as of December 31, 2020 for the Meramec facility in Staff Data Request  
10 (DR) No. 0088.1. Ameren Missouri itself calculated and provided Staff a reasonable allocation.  
11 Staff included 1/5th of that amount in base revenue requirement and 4/5th in the deferral balance  
12 of the proposed tracking mechanism in direct.

13           Q.     Ameren Missouri witness Lansford discusses issues with the known and  
14 measureable component of this property tax. He also discusses that Staff’s proposal for an  
15 allocation of insurance expense is similarly not known and measureable. Do you agree?

16           A.     No. While the allocation of these pieces themselves could be considered an  
17 estimate and not known and measureable, the base amount for which the allocation is derived  
18 is very much known and measureable as those amounts are based off of the last actual incurred  
19 property tax amount and the last known insurance policy premium charged to Ameren Missouri.  
20 Similar to the property tax, Ameren Missouri incurs expense for insurance policies that are  
21 blanket policies for all of the property liability. They do not have generating facility specific

---

<sup>1</sup> Revised Missouri Statute Chapter 153.030 and 153.034.



1 insurance coverage. Staff calculated a reasonable allocation of insurance expense for Meramec  
2 using the method discussed in the response to Staff DR No. 0032.1, which is to estimate the  
3 Meramec related amount based on the relative amounts on the statement of values for that  
4 specific insurance coverage. This ratio would then be applied to the relevant actual annual  
5 insurance costs. Even though these proposed inclusions of property tax and insurance are  
6 reasonable allocations derived from a known and measureable base amount, the vast majority  
7 of that amount is being included in a deferral mechanism where the ultimate amount to be paid  
8 by rate payers and recovered by Company will be determined in Ameren Missouri's next rate  
9 proceeding. If a party believes that this allocation is not correct, even though Staff has utilized  
10 allocation calculations and suggested allocation methods proposed by Ameren Missouri in this  
11 case, it can then be argued by that party in the next rate case by Ameren Missouri as to what an  
12 appropriate property tax allocation should be.

13 Q. Does Ameren Missouri witness Lansford propose an allocation for any  
14 component of the Meramec retirement tracker?

15 A. Yes. He proposes a reasonable allocation of accumulated deferred income tax  
16 based on actual amounts in this case. As a majority of the calculation is directly tied to property  
17 related tax items, there is still a portion that could be considered "allocated" to Meramec.

18 Q. Has Staff accepted Ameren Missouri's allocation of ADIT?

19 A. Yes. However Staff proposes to utilize rate base balances, including ADIT, at  
20 the operation of law date in the cost of service in this current case as discussed in my rebuttal  
21 testimony, however due to lack of data past the true-up cutoff; only rate base values through  
22 September 30, 2021 has been included in Staff's true-up accounting schedules.

1 Q. What amount of property tax and insurance should the Commission order be  
2 included in base rates and the deferral balance for the proposed Meramec tracking mechanism?

3 A. The reasonable allocations calculated by Ameren Missouri in DR No. 0088.1 for  
4 property tax and Staff utilizing DR No. 0032.1 for insurance expense. These amounts are both  
5 derived from actual incurred, known and measureable expenses. Ameren Missouri's responses  
6 to both DR No. 0088.1 and DR No. 0032.1 are attached to this testimony as Schedule LMF-s1  
7 and LMF-s2.

8 **RESRAM**

9 Q. Did Staff erroneously omit inclusion of its proposed adjustments for wind  
10 facility related operations & maintenance (O&M) in its direct accounting schedules?

11 A. Yes. This item was included in its list of errors in rebuttal testimony. Those  
12 amounts were calculated by Staff in the direct Cost of Service Report are in the latest revenue  
13 requirement number that was provided as part of my rebuttal testimony. Staff intends to update  
14 this O&M amount later in the true-up section of this testimony.

15 Q. On page 10, lines 9-22, of Ameren Missouri witness Mitchell Lansford's rebuttal  
16 testimony he mentions that Staff has not calculated the ongoing wind facility O&M correctly.  
17 What are the components of the wind facility O&M?

18 A. The components of the operations and maintenance costs for High Prairie and  
19 Atchison are real estate easement payments to land owners, service & maintenance costs,  
20 environmental monitoring costs, generator interconnection costs, insurance, and other minor  
21 miscellaneous expense.

1 Q. Does Staff agree with Ameren Missouri witness Mitchell Lansford's description  
2 of errors in Staff's calculation of wind facility O&M in regards to the easement and  
3 service/maintenance costs?

4 A. Yes. Staff has reviewed the documentation after its discussions with Company  
5 personnel and will include this in its true up calculation of this issue as discussed later in this  
6 testimony.

7 Q. Will Staff utilize true-up amounts as part of its calculation of the wind facility  
8 O&M and other components to rebase the RESRAM?

9 A. Yes.

10 Q. Are there any other issues that Staff would like to address regarding the  
11 RESRAM calculation?

12 A. Yes. Upon review of Ameren Missouri's direct workpaper, it was noticed that  
13 the Company utilizes a rate of return that is tax weighted using a prior effective tax rate value  
14 that does not take into account the Tax Cuts & Jobs Act that became effective January 1, 2018,  
15 which ultimately reduced the statutory federal corporate tax rate from 35% to 21%.

16 Q. Does the RESRAM statute state which tax rate to use for this purpose?

17 A. No not specifically. The RESRAM rule 20 CSR 4240-20.100(6)(A)(4) states:

18 For ownership investments in eligible renewable energy technologies in  
19 a RESRAM application, the electric utility shall be entitled to a rate of  
20 return equal to the electric utility's most recent authorized rate of return  
21 on rate base. Recovery of the rate of return for investment in renewable  
22 energy technologies in a RESRAM application is subject to the one  
23 percent (1%) limit specified in section (5) of this rule.

24 The language states the rate of return but not the "tax weighted" rate of return. Staff agrees that  
25 a tax weighted rate of return and the most recent authorized rate of return should be used for

1 the RESRAM calculation, but it needs to be the effective tax rate applicable to the period of  
2 investment and not from the period of the last authorized rate of return. These two time periods  
3 may or may not ultimately be the same. Investment was first included in Ameren Missouri  
4 RESRAM in late 2020. Until that point, all costs included in the mechanism were expenses  
5 and not capital. As such Staff recommends utilizing the effective tax rate in effect at the time  
6 the capital is included in the RESRAM mechanism as applied to the rate of return specified in  
7 the rule for the capital investment. Since the capital began to be included in the end of 2020,  
8 the effective tax rate during that period should be utilized. After discussions with personnel to  
9 attempt to clarify Ameren Missouri's proposal, Staff has the understanding that Company  
10 agrees that the effective tax rate utilized in their direct position needs to be updated to reflect  
11 that experienced during the time of inclusion of the capital investment.

12 **SALES/USE TAX AUDIT**

13 Q. On page 19, lines 3-19, Ameren Missouri witness Lansford takes issue with  
14 Staff's position in direct testimony for removal of costs related to the Missouri Department of  
15 Revenue's audit of Ameren Missouri's sales and use taxes as non-recurring. What are sales  
16 and use taxes?

17 A. The state's sales tax is imposed on the purchase price of tangible personal  
18 property or taxable service sold at retail. Use tax is imposed on the storage, use or consumption  
19 of tangible personal property in the state. The 4.225% state sales and use tax is distributed into  
20 four funds to finance portions of state government. Cities and counties may impose a local  
21 sales and use tax and special taxing districts (such as fire districts) may also impose additional  
22 sales taxes. Any seller who sells more than five hundred thousand dollars' worth of goods per

1 year and provides a purchaser with a sales receipt or sales invoice in conjunction with a sale, as  
2 defined under section 144.010, shall clearly state on such sales receipt or sales invoice the total  
3 rate of all sales tax imposed on the sale referenced by such document. This total rate shall reflect  
4 any applicable state or local sales tax authorized under the laws of this state. Generally, the  
5 department collects and distributes only state and local sales and use taxes. A sales or use tax  
6 return must be filed for the reporting period even if there is no tax to report.<sup>2</sup>

7 Q. Are these audit costs non-recurring for Ameren Missouri?

8 A. After further discovery of the issue, Staff learned that Ameren Missouri  
9 continually monitors and analyzes the amounts paid to the taxing authorities for sales and use  
10 taxes in an attempt to keep taxes incurred to the minimum amount owed. Due to the size of the  
11 utility and its level of sales, the company is typically a candidate for periodic audits. According  
12 to the response to Staff DR No. 0640.2, for the last ten year period, Ameren Missouri has been  
13 subject to an audit by DOR (Department of Revenue) of its sales/use taxes two times, including  
14 this audit. Each audit of this type during the last decade has covered a period of 3-4 tax years.  
15 It is apparent that these audits are recurring but not annual in nature, and sometimes last for  
16 multiple years. Costs incurred by Ameren Missouri related to each sales and use tax audit may  
17 range a number of years subsequent to the tax years being audited. \*\* [REDACTED]

18 [REDACTED]<sup>3</sup>

19 [REDACTED]

<sup>2</sup> Missouri Statutes Chapter 144.

<sup>3</sup> \*\* [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] \*\*

1 [REDACTED] \*\* Since the tax years being audited are known  
2 but the period of time Ameren Missouri may incur costs for this audit is not known, Staff  
3 believes it is appropriate to normalize the costs over the time period being audited. This current  
4 audit covers a three year period, as such Staff recommends inclusion of the audit costs but  
5 normalized over a three year period.

6 **FUEL ADDITIVES**

7 Q. Ameren Missouri witness Lansford discusses his disagreement with Staff's  
8 direct position on fuel additives and MISO Day 2 revenue & expense on pages 20 through 22  
9 of his rebuttal testimony. Does witness Lansford specifically discuss his issues in testimony  
10 regarding fuel additives as opposed to his issue with MISO Day 2?

11 A. No. However, Staff believes witness Lansford's disagreement with fuel  
12 additives apparently is based upon his general disagreement with Staff's position on  
13 annualizing/normalizing some other fuel and purchased power items, such as MISO Day 2 and  
14 transmission revenue/expense.

15 Q. What are fuel additives?

16 A. Ameren Missouri uses fuel additives to meet environmental regulatory  
17 compliance with regard to air and water pollution. Limestone is utilized at the Sioux generating  
18 plant to remove the SO<sub>2</sub> from flue exhaust gas released during electricity generation. Ameren  
19 Missouri's other three coal generating facilities utilize some level of activated carbon, which is  
20 a form of carbon processed to have small, low-volume pores that increase the surface  
21 area available for absorption as emissions from coal-fired boilers are a serious environmental  
22 concern for mercury. Limestone has to be mined, processed and shipped to Sioux. Activated

1 carbon is ordered/delivered from certain vendors when needed. At any point in time, the cost  
2 by pound of limestone and by pound of activated carbon varies and the level of each additive  
3 used at each generating facility varies.

4 Q. How did Staff develop the level of fuel additive cost to include in the cost of  
5 service?

6 A. Staff compiled the actual gross generation per fossil fuel energy center by year  
7 for the period of 2015 – September 30, 2021 and also compiled the actual consumption of each  
8 fuel additive by energy center in pounds and dollars for the same time period. Staff developed  
9 the cost of each additive on a kWh basis by dividing the consumption in dollars of the fuel  
10 additive by the actual generation during the same period. Staff developed a cost per kWh for  
11 each year for each energy center. Staff applied a three year average of the cost per kWh for  
12 each fuel additive to the normalized generation output from Staff's production cost model for  
13 each of the coal generating centers.

14 Q. Did Staff propose the same methodology in the last Ameren Missouri rate case?

15 A. Yes. In fact, Ameren Missouri witness Laura Moore discussed that the proper  
16 way to normalize fuel additive expense was to base the recommended normalized amount for  
17 fuel additives off of the normalized generation output, due to the fact that fuel additive expense  
18 is a function of the volume of the additive consumed at a given energy center. Staff believed  
19 that was a reasonable approach and utilized that method in true-up in Ameren Missouri's last  
20 rate case and in this current case.

21 Q. So what is Ameren Missouri's concern with Staff's position on normalized fuel  
22 additives?

1           A.     The Company takes issue with the cents/KWh applied to the normalized  
2 generation output in this case. As stated above, Staff utilized a three year average for limestone  
3 and activated carbon in establishing its normalized fuel additive expense based on the specific  
4 data underlying fuel additives, rather than the twelve months ending September 30, 2021 as the  
5 Company proposes. The time period utilized for fuel additives may or may not be appropriate  
6 for normalization by Staff of MISO Day 2 or transmission revenue & expense and other fuel  
7 related costs and revenues.

8           Q.     Isn't MISO Day 2 revenue & expense, transmission revenue & expense, and all  
9 costs to generate (commodity fuel, fuel additives, etc.) all considered costs to generate and  
10 provide electricity to the grid?

11          A.     Yes. However there are differing underlying factors that are involved with each  
12 of these items that may not be appropriate for attempting to synchronize the normalization  
13 period for all of these items.

14           **MISO DAY 2 REVENUE & EXPENSE**

15          Q.     On page 20, lines 2-10 Ameren Missouri witness Lansford describes  
16 Staff's direct position regarding MISO Day 2 revenue and expense as well as fuel additives  
17 (discussed above) and how in the past nearly all of these amounts have been updated with  
18 the true-information, meaning the twelve month ending time period for the true-up cutoff.  
19 On lines 11-17 he also states that these costs are to be trued up as part of the true-up in this case.  
20 Does Staff intend on addressing these costs and revenues in true-up and does that necessarily  
21 mean that Staff will include the most current twelve months in the cost of service?



1           A.     Staff intends on addressing all MISO Day 2 revenue and expense as part of its  
2 true-up audit, but that does not necessarily mean that it is appropriate to include the most current  
3 12 months of revenue and expense for those items in the cost of service. In addition, even  
4 though the last known twelve month values at the true-up cutoff date have been utilized in past  
5 rate cases, doesn't mean that that method should be used in every case. Just because an item is  
6 listed in the procedural schedule as being included in the true-up audit, does not mean that the  
7 cost is automatically included with the values as of the last 12 month period.

8           Q.     In general, how does Staff typically approach the annualization/normalization  
9 of revenue and expense items for the cost of service?

10          A.     Once Staff has an understanding of the background of the revenue or expense  
11 issue (why revenue or expense is incurred, how often, magnitude, etc.); Staff determines  
12 whether there are underlying factors that would affect the historical or current data to determine  
13 if the historical or current data needs to be restated for certain reasons in order to use that past  
14 data to determine an ongoing amount. Once Staff is provided with the information that takes  
15 these items into account; Staff makes a determination of whether the test year should be  
16 adjusted or not, and if an adjustment is appropriate, whether use of values equal to the most  
17 current twelve months or use of a multi-period average is appropriate for establishing the  
18 ongoing revenue and expense level for each item.

19          Q.     On page 21, lines 3-4, witness Lansford states that the Staff has presented no  
20 justification for changing prior practice and normalizing the MISO Day 2 revenue and expense  
21 amounts. Is Staff changing prior practice?

22          A.     No, as this Staff member has performed this very same analysis on these exact  
23 costs since at least Ameren Missouri's 2016 rate case. In those prior rate cases, there was an

1 underlying reasoning for utilizing the last known information, such as utilizing time periods  
2 that did not contain load from Noranda or taking into account the lower corporate tax rate after  
3 passage of the TCJA. Mr. Lansford does discuss further down in his rebuttal on page 12 that  
4 some MISO Day 2 revenue and expense schedule items are interrelated and should not be  
5 adjusted to different time periods. Staff believes it is reasonable to take that information into  
6 account and asked for a list of the MISO Day 2 revenue and expense scheduled items that are  
7 inexorably tied together and should share the same methodology for inclusion in the revenue  
8 requirement. However, based on the response to Staff DR No. 0886, Ameren Missouri did not  
9 provide examples of any further MISO Day 2 schedules other than the two described in his  
10 rebuttal testimony that are interrelated and should be annualized/normalized in the same method  
11 for purposes of inclusion in the revenue requirement.

12 Q. How did Staff annualize/normalize MISO revenue and expense for purposes of  
13 true-up?

14 A. In this case, the issue with Staff's proposed method of  
15 annualization/normalization becomes a moot issue at true-up as Staff included the twelve  
16 months ending September 30, 2021 in the cost of service. This is due to the new wind  
17 generation coming online during the end of 2020 and throughout 2021. Staff is not completely  
18 convinced that all MISO Day 2 revenue and expense and transmission revenue and expense  
19 should necessarily always be included at the value for the last twelve months ending time period  
20 established in each rate case. This will need to be further reviewed in future rate proceedings.

1     **COAL REFINEMENT**

2           Q.     On page 30, lines 1-10, Ameren Missouri witness Lansford mentions that Staff  
3 reduced the test year expense in FERC account 512 to remove coal refinement costs rather than  
4 increase the expense. Did Staff err in its adjustment?

5           A.     Yes. Staff proposed the correct amount of the adjustment, however the  
6 adjustment was negative rather than positive. Staff corrected this in its accounting schedules  
7 and listed this as an error correction in my rebuttal testimony in this case.

8     **CALLAWAY UNPLANNED OUTAGE**

9           Q.     On page 2, lines 18-20, Ameren Missouri witness Laura Moore describes the  
10 reasoning for Staff's proposed deferral of capital costs associated with the Callaway unplanned  
11 outage FO73 as stemming from whether the Staff considered the capital costs associated with  
12 the outage to be known and measureable. Is Ms. Moore's description accurate?

13          A.     Not entirely. At the time of Staff's direct testimony, based on the response to  
14 Staff DR No. 0462.3 that was provided as of July 2021 Staff understood that the claims  
15 adjustment process for the property damage would begin once the project was complete and all  
16 costs had been recorded and submitted. At that time, Nuclear Electric Insurance Limited (NEIL)  
17 was reviewing Callaway property costs incurred through May 31, 2021. The project was  
18 completed shortly after this data request was initially answered. In addition, according to the  
19 response to Staff DR No. 0462.7 on October 27, 2021, the majority of costs (capital and expense)  
20 have been recorded for this outage but a few immaterial invoices have not yet been received. It  
21 was not only the amount of capital investment that was necessarily unknown, it was also the

1 amounts of the property insurance proceeds and any settlements with the contractor that were  
2 unknown.

3 Q. Are these property insurance claims payments now known and measureable?

4 A. Not completely. As Ms. Moore states on page 3, lines 8-12, the Company  
5 believes that it is likely that some additional property insurance claim payments will be received  
6 but the timing and amounts will be uncertain until subsequent to the true up cutoff of September  
7 30, 2021 in this case.

8 Q. Please update the Commission on the status of the insurance  
9 claims/reimbursements and the settlements made with General Electric regarding the unplanned  
10 outage at Callaway.

11 A. Ameren Missouri has been submitting claims and receiving reimbursement for  
12 accidental outage insurance which is being refunded through the fuel adjustment clause. Staff  
13 agrees to this treatment. For the property insurance claim, Ameren Missouri is estimating the  
14 expected overall insurance reimbursement to be approximately \$39.8 million. At this point, no  
15 expenses have been formally denied or rejected by NEIL; however overhead, AFUDC,  
16 purchasing, transportation and storeroom loadings and costs exceeding the cap of \$150,000 are  
17 not reimbursable. In total as of September 30, 2021, approximately \$796,000 of expense and  
18 \$7.8 million of capital associated with the Callaway outage are not reimbursable and Staff has  
19 included all capital in the cost of service. As the non-labor expense is non-recurring, Staff has  
20 not included those amounts in the cost of service.

1 See the chart below for claims and amounts received by type of insurance:

<b>NEIL Insurance Policy</b>	<b>Claimed Amount</b>	<b>Reimbursed Amount as of September 30, 2021</b>
<b>Accidental Outage</b>	\$88,593,337	\$77,664,766*
<b>Property Damage</b>	\$39,800,000	\$16,774,654

2 \*\$2,571,429 of this total amount is estimated as of 10/26/2021

3 Q. On page 4, lines 11-18, witness Moore describes her disagreement with Staff's  
4 proposed removal of test year labor related to the unplanned outage. Is this proposed adjustment  
5 inappropriate as Ms. Moore suggests?

6 A. No, for two reasons. According to the response to Staff DR No. 0462.3, Ameren  
7 Missouri intends to seek reimbursement for all internal labor costs incurred, subject to the  
8 deductible and cap of the root cause analysis. In addition, as Ms. Moore herself points out,  
9 these employees will remain employed and performing other duties at the facility. Hence, their  
10 labor costs are included in Staff witness Paul Amenthor's annualized payroll amounts going  
11 forward. Thus the inclusion of this one month of labor is not necessary.

12 Q. Does Staff still propose the deferral of all capital costs, insurance  
13 reimbursements and other settlements related to Callaway's forced outage FO73?

14 A. Staff does not oppose Ameren Missouri witness Moore's proposed ratemaking  
15 treatment she discussed in her rebuttal, as a majority of the costs and reimbursements are now  
16 known and measureable. Staff takes this position as long as Ameren Missouri maintains its  
17 commitments and the following conditions are met:

- 1 • All remaining accidental outage insurance reimbursements are refunded to
- 2 customers through the fuel adjustment charge;
- 3 • Plant in service balances are reduced for all property insurance reimbursements
- 4 received at the time they were received;
- 5 • All reimbursed property related amounts are removed from the PISA deferral
- 6 balance; and
- 7 • Delineate and remove any expenses related to the unplanned outage in any
- 8 future rate proceeding if they occur during the test year.

9 If the above commitments and conditions are not met, Staff reserves the right to propose  
10 adjustment in future rate proceedings concerning these costs.

11 Q. In your direct testimony, you mentioned that Ameren Missouri relayed to Staff  
12 that contractor workmanship issues during the outage and that the workmanship issues  
13 ultimately caused the outage issues. Has Ameren Missouri and the outside contractor resolved  
14 their disagreements and how?

15 A. Yes. \*\* [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED] \*\* Thus the

22 disagreement has been settled and no proceeds will be forthcoming to Ameren Missouri.

1 **LOW LEVEL RADIOACTIVE WASTE**

2 Q. On page 10, lines 2-12, Ameren Missouri witness Laura Moore discusses Staff's  
3 proposed normalization adjustment for direct and how this differs from the two year average  
4 proposed in the last Ameren Missouri rate case. Is Staff required to utilize the same time periods  
5 from case to case and issue to issue when calculating a normalization adjustment?

6 A. No. However, Staff typically tries to be consistent with utilizing three or five  
7 years when using an average to normalize an item. The underlying situation surrounding the  
8 cost is also important in determining an adjustment, annualized or normalized, and how to  
9 calculate that adjustment. Ms. Moore gets into that later on page 10 of her rebuttal.

10 Q. As you alluded to, later on the page 10, Ms. Moore states that a three year  
11 average would be inappropriate for purposes of normalizing low level radioactive waste  
12 disposal costs because 2018 was an abnormally low year. Do you agree with that assessment  
13 based on this additional information?

14 A. No. Ms. Moore is correct in that Staff included a two year average in Ameren  
15 Missouri's last rate case, however that two year average included all 12 months of 2018 in the  
16 average whereas Staff's three year average in this case includes only six months of 2018  
17 because it is a three year average using the twelve months ending June 30. The Company did  
18 not raise an issue with inclusion of 2018 in the average in the last rate proceeding. Staff  
19 recommended including \*\* [REDACTED] \*\* in the cost of service in Ameren Missouri's last rate  
20 proceeding, Case No. ER-2019-0335. The chart below demonstrates the costs incurred for low  
21 level radioactive waste disposal that Ameren Missouri has incurred over time:





1 Staff's proposed amount to include in its direct position was within the range mentioned in the  
2 data request response. The test year amount proposed as appropriate by Ameren Missouri is  
3 \*\* [REDACTED] \*\*, the second highest amount incurred in a four year period. However, due to the  
4 additional explanation by Ms. Moore, Staff is willing to take into account that the first six  
5 months of 2021 is abnormally low when conducting its true-up on this topic. Staff discusses  
6 the results of its true-up audit for this item later in this testimony.

7 **NETTING OF AMORTIZATIONS**

8 Q. Does Ameren Missouri and Staff have the same ultimate goal regarding  
9 the netting of the various amortizations, regardless of whether they receive rate base treatment  
10 or not?

11 A. Yes. The goal is for Ameren Missouri to receive full recovery of cost or for  
12 customers to be fully refunded, no more or no less, for the various regulatory assets and  
13 liabilities that comprise the netted amount. In Ameren Missouri's last two electric rate cases, a  
14 global settlement was achieved and as such rates were effective earlier than the originally  
15 planned operation of law date. When that occurred, the ongoing balance agreed upon was  
16 erroneously not the balance that was used to establish the annual amortization amount that was  
17 also in the Stipulation. This caused the stranded amounts that Ms. Moore speaks of in her  
18 rebuttal testimony.

19 Q. Ameren Missouri witness Moore lists several different regulatory assets and  
20 regulatory liabilities that she believes Staff should either not include or include in the netting  
21 amortization. Has Staff reviewed Ms. Moore's rebuttal workpaper calculations on this issue?

1           A.     Yes. Staff agrees with Ms. Moore's calculations for this issue and has reflected  
2 those amounts in the cost of service.

3           **AMEREN BOARD OF DIRECTORS DOCUMENTATION**

4           Q.     On page 8, lines 9-11 of his rebuttal testimony, Ameren Missouri witness Tom  
5 Byrne mentions that Staff has concerns with the extra time it took Ameren Missouri to respond  
6 to Staff's request to review Ameren Board and Board Committee documentation in this case.  
7 Does Staff's concern relate only with this current case?

8           A.     No. Even if Ameren Missouri files a rate case every year to a year and a half,  
9 there is a significant amount of important information to review.

10          Q.     Ameren Missouri witness Byrne also mentions that there were delays in  
11 providing the data in this case due to COVID. Has Staff had times prior to COVID where there  
12 were delays in receiving the board documentation?

13          A.     Yes.

14          Q.     Has Staff simply asked Ameren Missouri if it would be willing to provide Board  
15 and Board Committee information between its rate case filings?

16          A.     Yes. I personally have informally asked on at least two different occasions  
17 whether Ameren Missouri would be willing to maintain the board documents so that Staff could  
18 request to view the information while also not trying to complete a rate review.

19          Q.     On page 9, lines 8-10 of his rebuttal testimony, witness Byrne mentions that  
20 Staff has requested review of board documentation in rate cases and Fuel Adjustment Clause  
21 cases but not in any other situation. Is that statement accurate?

1           A.     No. In addition to asking Ameren Missouri if it would be possible for Staff to  
2 begin reviewing Board and Board Committee documentation between rate cases, Staff has  
3 requested to review Board documentation in regards to Ameren Missouri's renewable CCNs  
4 (Certificate of Convenience and Necessity) for their wind projects and other similar projects.

5           Q.     On page 9, lines 12-13 of his rebuttal testimony, witness Byrne mentions that it  
6 is not appropriate in his opinion for Staff to access the sensitive documents at all times and for  
7 no reason at all. Does the Commission have the discretion to review the documentation and  
8 workings of the monopoly utilities at any point?

9           A.     Yes.<sup>4</sup> Ameren Missouri is a monopoly utility in the state of Missouri and is  
10 subject to regulation by the Missouri Public Service Commission. The Commission Staff has  
11 the responsibility to advise the Commission regarding the utility and the only way to do so is  
12 by having the time and availability to review relevant documentation. In fact, it is surprising to  
13 Staff that Ameren Missouri is not willing to informally or even formally allow Staff continuous  
14 access for review.

15          Q.     On page 9, lines 14-23 in his rebuttal testimony, Mr. Byrne states that the  
16 Company is willing to agree to any steps to make sure that the Board documentation is available  
17 to Staff on a timelier basis in rate cases and states that this should provide the Staff with plenty  
18 of time to review these documents during the 11-month period of a rate case. Does this alleviate  
19 Staff's concern?

20          A.     No. Mr. Byrne himself discusses on page 7, lines 14-16, the size and complexity  
21 of Ameren Missouri rate cases. Staff may have 11 months to review all information in the

---

<sup>4</sup> Section 393.140(8), RSMo (2016) Have power to examine the accounts, books, contracts, records, documents and papers of any such corporation or person, and have power, after hearing, to prescribe by order the accounts in which particular outlays and receipts shall be entered, charged or credited.

1 Board Documentation, but it also has to process the rate case itself by reviewing all books and  
2 records of the utility, filing three rounds of testimony and filing at least two sets of accounting  
3 schedules.

4 Q. If Staff wishes to propose an adjustment in a rate case based upon information  
5 discovered through Board documentation, does Staff truly have the entire 11 month operation  
6 of law period of the rate case to do so?

7 A. No. Staff would have from the time their audit begins until its direct filing to  
8 make that proposed adjustment. As Mr. Byrne is inclined to argue, Staff must propose their  
9 "case in chief" in its direct filing. That allows Staff a mere four to five months to review  
10 documents from a period of a year or more for Ameren's Board, Ameren Missouri's Board, six  
11 or so Committees, Executive Leadership Team (ELT), Ameren Leadership Team (ALT), and  
12 Senior Leadership Team (SLT). This is while attempting to process the rate case for which  
13 there could be 50-75 issues easily to review all aspects of Ameren Missouri's utility business.  
14 The rate case process has only become more complex with all of the additional rate making  
15 mechanisms that the utility has had the opportunity to add to its repertoire and how those  
16 mechanisms affect base rates. In addition, Staff does not merely respond to only the issues that  
17 the utility brings up in its cases. If that were the case, some costs could possibly be improperly  
18 recovered in the cost of service as shown through the corrected lobbying adjustments in this  
19 rate case. Staff reviews all aspects of the utility's operations. It is also extremely likely that  
20 the assigned Staff have additional responsibilities to analyze, review and prepare  
21 recommendations on other cases/projects at the same time as reviewing a utility's rate case.

1           Q.     Is there another Missouri utility that continuously maintains its Board and Board  
2 Committee documents for Staff members to come review when their schedule and case load  
3 allows?

4           A.     Yes. Evergy and its legacy companies, KCPL, GMO, and Aquila, have been  
5 providing their documentation for continuous review by Staff for many years. In fact, Evergy  
6 maintains a file cabinet for which only Staff has access. Staff must set up a mutually agreeable  
7 time to come to review the documents, which has not appeared to be an issue to date; agree to  
8 transcribe, not actually photocopy information; and sign in and out when actually physically  
9 accessing the documents. Evergy's board documentation has a very similar makeup as Ameren  
10 Missouri in that it has parent and affiliate boards and multiple committees.

11          Q.     Why is Staff bringing this issue now before the Commission?

12          A.     Informal Staff requests for this access began several years ago, but Ameren has  
13 either ignored or denied the requests. Staff does not understand why accessing this information  
14 is at all a detriment to Company when they are required to allow Staff review of the  
15 documentation. This situation should assist the Company as well because the information  
16 would continuously be ready for review and not an issue for either Company or Staff when it  
17 came time for Ameren Missouri to file its rate cases as these rate cases are complex for the  
18 Company to prepare and this would provide fewer things for Ameren Missouri and its staff to  
19 prepare prior to the rate review, and if not eliminate, at least significantly lessen the  
20 documentation that would need to be pulled, reviewed for redaction, and compiled for Staff.

1 | **CURRENT INCOME TAX CALCULATION**

2 | Q. On page 2, lines 14-15 of OPC witness John Riley's testimony he states that the  
3 | current income tax available has been misapplied when formulating the "Additional Current  
4 | Tax Required" on line 9 of Staff's Accounting Schedules. Is that accurate?

5 | A. No. The negative \$7.4 million that is flowing into the revenue requirement  
6 | schedule is the income tax prior to application of the return on the plant additions that affect the  
7 | net income in the tax calculation. This is simply a presentation issue, not a calculation issue.

8 | Q. What is causing this negative income tax number?

9 | A. In the income tax schedule there are multiple columns showing the same tax  
10 | calculation. However, the first column or "test year" column demonstrates the net income prior  
11 | to including the return on additions. The second through fourth columns show the same income  
12 | tax calculation, however the net income in each column includes the additions at different  
13 | proposed returns (low, mid, and high). This shows the effect of the return on equity based on  
14 | the ROE witnesses' proposed reasonable range. In that first column or "test year" column of  
15 | the Staff's income tax schedule, the net income does not include the additional revenue  
16 | requirement required as the following columns do; but it does contain the annualized  
17 | depreciation expense and annualized tax credits – so it is not a complete tax calculation –  
18 | whereas the second through fourth columns are a complete calculation. The reason is for  
19 | demonstration purposes of the effect of return on net income. This case also presents a rare  
20 | situation where there is a substantial amount of production tax credits that are more than  
21 | offsetting the amount of income tax calculated in the "test year" column because the additions  
22 | that those credits are meant to offset is not included in that column. If you review the low, mid,  
23 | and high columns, you will see that the current income tax is no longer negative as those

1 columns include the return on as well as the return of the additions for which the production tax  
2 credits were created.

3 Q. Does the negative current income tax amount need to be manually altered to  
4 zero?

5 A. No. As stated before – the calculation is correct, it is simply a demonstration  
6 issue. If this amount is manually altered to zero then an incorrect amount of tax will be included  
7 in the overall revenue requirement increase and the full amount of production tax credits will  
8 not be returned to customers to offset the full amount of investment they are paying for in their  
9 rates.

10 **STATE INCOME TAX – CWC IMPACT**

11 Q. On page 4, lines 8-9 and lines 17-19, OPC witness John Riley proposes the  
12 Commission adopt a 365-day expense lag when calculating the net lag for the state income tax  
13 offset. He states that this is necessary as Ameren Missouri has a state net operating loss (NOL)  
14 and due to state income tax credit carryforwards, it is unlikely that Ameren will incur Missouri  
15 state income tax in the near future. Is that a true assessment of Ameren Missouri's state tax  
16 status?

17 A. No. When Staff was reviewing Ameren Missouri's income tax issue, Staff  
18 reviewed all tax returns and tax calculations. Ameren Missouri and Ameren Corporation are  
19 currently expected to be in a taxable position for 2021 and 2022. The state income tax credit  
20 carryforwards that Mr. Riley mentions relate to Ameren's regulated affiliate Ameren Illinois.  
21 Those state credit carryforwards will affect Ameren Illinois' cost of service but not Ameren

1 Missouri. Thus, Staff's proposed cash working capital expense lag as proposed in its direct  
2 testimony is appropriate.

3 **TRUE-UP DIRECT**

4 Q. What are the results of Staff's true-up audit of electric operations?

5 A. After performing its true-up audit, Staff's revenue requirement for  
6 Ameren Missouri's electric operations is \$217,534,222.

7 **Accumulated Deferred Income Tax (ADIT)**

8 Q. How has Staff updated its position regarding ADIT?

9 A. Staff has included accumulated deferred income tax balances as of September 30,  
10 2021.

11 **Excess Income Tax Tracker**

12 Q. Has Staff updated its position for the excess income tax tracker?

13 A. Yes. Staff has included the most current amortization regarding the excess  
14 income tax tracker as of the third quarter 2021.

15 **MISO Transmission Revenue & Expense**

16 Q. How did Staff annualize/normalize transmission revenue and expense including  
17 Schedule 26A costs?

18 A. In this case it was appropriate to include and Staff has included the twelve  
19 months ending September 30, 2021 transmission revenue and expense in the cost of service as  
20 the underlying numbers contain the impact of the latest FERC ROE refunds established in their  
21 latest order. Please refer to my direct testimony for discussion on the FERC ROE refunds.



1           **Plant in Service Accounting (PISA)**

2           Q.     Has Staff updated Ameren Missouri’s PISA calculation?

3           A.     Yes. At the time of Staff’s rebuttal testimony filing, actual financial information  
4 through September 30, 2021 for PISA was not yet available. The purpose of this testimony is  
5 to provide the revenue requirement impact of the second PISA deferral through the true-up  
6 cutoff.<sup>5</sup>

7           Q.     What has been the impact of the second PISA deferral based upon the true-up  
8 data that was provided by Ameren Missouri?

9           A.     During the period covering January 1, 2020 through September 30, 2021,  
10 Ameren Missouri deferred approximately \*\* [REDACTED] <sup>6</sup> \*\* of investment related costs  
11 associated with eligible PISA investment as part of the second PISA deferral. The final deferral  
12 balance will be amortized over a 20 year period beginning with the effective date of rates in  
13 this rate proceeding, with the unamortized balance included in rate base. Based upon the actual  
14 September 30, 2021 true-up cutoff PISA deferral balance, \*\* [REDACTED]  
15 [REDACTED]. \*\* The chart below summarizes the “return of” and  
16 “return on” the eligible PISA investment ending September 30, 2021 as well as the revenue  
17 requirement impact that Ameren Missouri will collect annually in rates that will be authorized  
18 by the Commission in this rate proceeding:

<sup>5</sup> As stated on page 15, lines 7 through 9 of the rebuttal testimony of John P. Cassidy.

<sup>6</sup> Ameren Missouri now agrees with Staff regarding the concept of removing earnings based incentive compensation and Lambert Solar investment from the PISA deferral – however the amounts removed are different due to differing positions on what is included in earnings based incentive compensation. Company’s removal is \*\* [REDACTED] \*\* and Staff’s removal is \*\* [REDACTED] \*\*.

1

Electric plant placed in-service	** [REDACTED] **
Less: New Business	** [REDACTED] **
Total qualifying electric plant	** [REDACTED] <sup>7</sup> **
Less: Assets depreciated to clearing accounts	** [REDACTED] **
Less: Retirements of plant related to in-service additions	** [REDACTED] **
Total Plant for Deferred Depreciation	** [REDACTED] **

2

3

Total qualifying electric plant (from above)	** [REDACTED] **
Less: Change in accumulated depreciation	** [REDACTED] **
Less: Marginal increase in ADIT	** [REDACTED] **
Qualifying electric plant rate base for cost of capital return	** [REDACTED] **

4

5

Depreciation Recovery	** [REDACTED] **
Depreciation Recovery: Carrying Cost Recovery	** [REDACTED] **
Equity + CC Recovery	** [REDACTED] **
Debt + CC Recovery	** [REDACTED] **
Total Deferral at September 30, 2021 <sup>8</sup>	** [REDACTED] **
Revenue Requirement Impact	** [REDACTED] **

6

<sup>7</sup> \*\* [REDACTED] \*\* of investment eligible for PISA.

<sup>8</sup> This amount is calculated using Staff's return on equity and capital structure at mid.

1 Q. What is the total revenue requirement impact of Ameren Missouri's first PISA  
2 deferral and the second PISA deferral?

3 A. The chart below summarizes the earnings impact of both PISA deferrals for  
4 Ameren Missouri.

5

Revenue Requirement Impact – PISA 1 Deferral at September 30, 2021	\$6,317,534
Revenue Requirement Impact – PISA 2 Deferral at September 30, 2021	** [REDACTED] **

6 This chart illustrates that Ameren Missouri's first PISA deferral will result in an  
7 approximate \$6.3 million of earnings beginning when rates take effect in this rate case.  
8 Based on September 30, 2021 actual results Ameren Missouri has accumulated an approximate  
9 \*\* [REDACTED] \*\* million annual boost to earnings for the second PISA deferral. Taken together  
10 these two amortizations would provide an approximate \*\* [REDACTED]  
11 [REDACTED] \*\* that would not have existed absent election of the PISA mechanism. This is clearly  
12 a substantial earnings benefit for Ameren Missouri in terms of recovery for PISA eligible  
13 investment.  
14

15 **Renewable Energy Standard Rate Adjustment Mechanism (RESRAM)**

16 Q. Has Staff updated the components of the RESRAM base factor?

17 A. Yes. Staff's base factor is \$78,577,606 at true-up and includes the following:  
18 • An annualized level of landowner payments based on the latest quarterly  
19 payments multiplied by four  
20 • Generator interconnection agreement costs using the most currently invoiced  
21 amounts

- 1 • Renewable energy credit (REC) and solar rebate costs as of the twelve months
- 2 ending September 30, 2021
- 3 • An annual level of costs for environmental monitoring, turbine
- 4 service/maintenance agreements and general property maintenance agreements
- 5 • Insurance expense
- 6 • Property Taxes
- 7 • Return on renewable plant in service based on Staff's rate of return
- 8 • Production Tax Credits
- 9 • Depreciation Expense based on Staff's proposed depreciation rates

10 **Miscellaneous Revenue**

11 Q. What level of miscellaneous revenue did Staff include in the cost of service?

12 A. As this Staff understands it, Ameren Missouri and Staff are in agreement on the  
13 amount of miscellaneous revenue to include in the cost of service after corrections for gross  
14 receipts taxes. Staff has now included those corrections.

15 **Renewable Energy Credits (RECs) and Emission Allowances**

16 Q. What level of renewable energy credits and emission allowances did Staff  
17 include in the cost of service for true-up?

18 A. Staff reviewed the levels of RECs and emission allowances maintained by  
19 Ameren Missouri through September 30, 2021 and the balance has not rebounded from the  
20 levels Staff was seeing in its direct filing. Staff maintains its direct position of \*\* ■ \*\* in rate  
21 base for these items.

22 **Fuel Inventory**

23 Q. What level of fuel inventory did Staff include in the cost of service for true-up?

1           A.     Staff has included a 13 month average of coal and gas inventory as of  
2     September 30, 2021 and also an 18 month average of nuclear fuel inventory.

3           **Fuel Additives**

4           Q.     How did Staff true-up fuel additives?

5           A.     Staff included a level of limestone and activated carbon based on the  
6     methodology described earlier in this testimony.

7           **Fuel Expense, Purchased Power, Energy & Capacity Sales**

8           Q.     How did Staff true-up fuel expense?

9           A.     Staff witness Shawn E. Lange, PE utilized updated values in its production cost  
10    modeling to produce normalized fuel expense, purchased power, and energy sales outputs. Staff  
11    has included fuel expense, purchased power and energy sales in the cost of service reflecting  
12    coal and coal transportation prices from the most current contracts through September 30, 2021,  
13    nuclear pricing as of September 2021 and variable gas and oil based on a three year average  
14    utilizing calendar years 2019, 2020, and 2021. Staff did adjust the variable gas and oil in  
15    February for the impacts of Winter Storm Uri.

16          **Low Level Radioactive Waste**

17          Q.     How did Staff true-up low level radioactive waste?

18          A.     Staff included a three year average (twelve months ending September 30 for  
19    2019, 2020, and 2021) of actual incurred low level radioactive waste in the cost of service.

20          **Renewable Energy Standard (RES) Amortization Rebase**

21          Q.     How did Staff true-up the components of the RES?

1           A.     Staff included the twelve months ending September 30, 2021 for retired wind  
2 and solar RECs, North American Renewable Registry (NARR) fees. Staff also calculated  
3 ongoing landfill gas costs by pricing out a the twelve month ending September 30, 2021 actual  
4 volumes experienced at Maryland Heights at the last known price per MMBtu for inclusion in  
5 the establishment of new RES base costs.

6           **Solar Rebate Over/Under Recovery**

7           Q.     What has Staff updated regarding solar rebates?

8           A.     For those solar rebates that are outside of the RESRAM, Ameren Missouri is  
9 currently recovering the cost of those rebates to customers that were fully spent as of  
10 December 2019. Staff reviewed the levels of rebate costs recovered based on revenue levels as  
11 of September 30, 2021 and has included the amortization of the under recovered amount in the  
12 cost of service.

13           **MISO Day 2 Revenue and Expense**

14           Q.     Please describe all updates made to MISO revenue and expense for true-up  
15 purposes.

16           A.     Staff has reviewed all true-up data provided by Ameren Missouri and has  
17 reflected MISO Day 2 revenue related to the Revenue Sufficiency Guarantee (“RSG”) provision  
18 of MISO’s tariff. Staff is utilizing the difference between the as offered production cost into  
19 MISO for starting Ameren Missouri’s combustion turbine generators (“CTGs”) less the actual  
20 cost of the production during those same hours during the most recent 12-months ending  
21 September 30, 2021. The remainder of MISO Day 2 revenue is purely energy market related  
22 and is not affected by changes in load. In addition, Staff has annualized other revenue and

1 | expense levels for Day 2 Market items based on data provided for the 12-months ending  
2 | September 30, 2021.

3 | **Ancillary Revenue and Expense**

4 | Q. Please describe all updates made to ancillary revenue and expense for true-up  
5 | purposes.

6 | A. Staff has reviewed all true-up data provided by Ameren Missouri and has  
7 | reflected ancillary revenue and expense utilizing the recent 12-months ending September 30,  
8 | 2021.

9 | **Transmission Revenue and Expense**

10 | Q. Did Staff true-up the level of transmission revenue and expense?

11 | A. Yes. Staff has adjusted the test year level of MISO transmission revenue and  
12 | expenses by using data provided for the 12-months ending September 30, 2021, which  
13 | annualizes each item to a current ongoing level. Staff has included this time period of expense  
14 | and revenue due to a need to reflect the most current FERC ROE percentage that are included  
15 | in the underlying FERC formula rate.

16 | Schedule 26A charges deal with multi-value projects (MVPs) that are determined by  
17 | the MISO for continuous build out of the transmission system and for which costs are allocated  
18 | to the individual transmission owner ("TO") members.

19 | MISO determines a total actual "revenue requirement" in January each year. The latest  
20 | schedule 26A charges were established at the beginning of 2021 and will not change again until  
21 | subsequent to the true-up cutoff at the beginning of 2022, so it is appropriate to include the

1 twelve months ending September 30, 2021 to determine the appropriate level of schedule 26A  
2 costs to include in the cost of service.

3 **Capacity Revenue and Expense**

4 Q. How did Staff update capacity revenue and expense as part of their  
5 true-up review?

6 A. The capacity expense for the entirety of the 2021-2022 planning year which ends  
7 May 31, 2022, is fixed as a result of the MISO auction. Capacity revenue has been fixed by  
8 this auction and has been updated at true-up.

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

10 A. Yes, it does.



**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

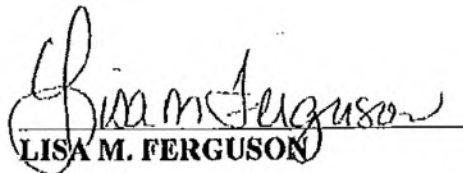
In the Matter of Union Electric Company            )  
d/b/a Ameren Missouri's Tariffs to Adjust Its        )  
Revenues for Electric Service                        )        Case No. ER-2021-0240

**AFFIDAVIT OF LISA M. FERGUSON**

STATE OF MISSOURI        )  
  )        ss.  
COUNTY OF ST. LOUIS    )

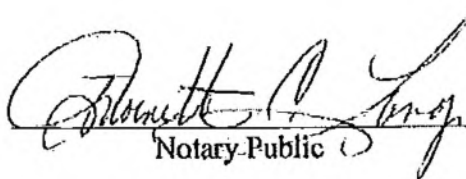
**COMES NOW LISA M. FERGUSON**, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal/True-Up Direct Testimony of Lisa M. Ferguson*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
**LISA M. FERGUSON**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of St. Louis, State of Missouri, at my office in St. Louis, on this 3<sup>rd</sup> day of November, 2021.

  
Notary Public

ANTOINETTE C. LANG  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for St. Louis City  
My Commission Expires: March 08, 2024  
Commission Number: 16787761

Ameren Missouri's  
Response to Staff Data Request - MPSC  
ER-2021-0240

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Adjust Its Revenues  
for Electric Service

No.: MPSC 0088.1

Please provide a calculation of the property taxes paid in December of 2020 that would be attributable to the Meramec Energy Center. Please provide in excel format with calculations intact, please provide supporting documentation and calculations for all assumptions used in the calculation. Requested by Jason Kunst (Jason.Kunst@psc.mo.gov)

**RESPONSE**

**Prepared By: Thomas Carron**  
**Title: Senior Tax Specialist**  
**Date: 7/12/21**

Distributable property taxes attributable to the generation facilities at the Meramec Energy Center for tax year 2020 are not specifically identifiable to those facilities and, therefore, must be estimated. Further, a calculation or allocation of local assessed property taxes attributable to the land, structures, and buildings at the Meramec Energy Center for tax year 2020 must be performed. Please see the attached.

Ameren Missouri's  
Response to MPSC Data Request - MPSC  
ER-2021-0240

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Adjust Its Revenues  
for Electric Service

No.: MPSC 0032.1

1. Please provide the amount of insurance expense currently incurred for the Meramec generating facility by type of insurance. If Ameren Missouri does not know the most current amount, please explain in detail a possible method of allocation. 2. Has Ameren Missouri included a portion of insurance expense related to the Meramec generating facility in its proposed two way tracking mechanism? If yes, please demonstrate where in the workpapers this is included and provide all supporting calculations with formulas intact. If not, please explain why not and Ameren Missouri's rationale for not including this cost in the tracking mechanism.  
Chris Caldwell (Christopher.Caldwell@psc.mo.gov)

**RESPONSE**

**Prepared By: Mitch Lansford**  
**Title: Director Regulatory Accounting**  
**Date: June 24, 2021**

1. Insurance costs are not assignable to specific assets or investments, such as the Meramec Energy Facility. Instead the Company's insurance policies relate to the entirety of the Company or groupings of investments, such as non-nuclear. A number of possible allocation methods may exist, one such method of allocation would be to estimate the Meramec related amount based on the relative amounts on the statement of values. This ratio would then be applied to the relevant annual insurance costs.
2. No. See the response to item 1 above. Further, the Company expects insurance costs to increase on an annual basis.