

Exhibit No. 408

Exhibit No.: 408
Issue(s): Depreciation
Witness/Type of Exhibit: Robinett/Rebuttal
Sponsoring Party: Public Counsel
Case No.: ER-2021-0240

REBUTTAL TESTIMONY

OF

JOHN A. ROBINETT

Submitted on Behalf of the Office of the Public Counsel

**UNION ELECTRIC COMPANY
D/B/A AMEREN MISSOURI**

FILE NO. ER-2021-0240

October 15, 2021

REBUTTAL TESTIMONY
OF
JOHN A. ROBINETT
AMEREN MISSOURI ELECTRIC
CASE NO. ER-2021-0240

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

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

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

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

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

8 A. Yes. I have previously provided testimony before the Missouri Public Service
9 Commission, both as a witness for Commission Staff (“Staff”) and as a witness for OPC.

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

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

13 **Q. What is the purpose of your rebuttal testimony?**

14 A. I rebut the direct testimony of Ameren Missouri’s (Ameren Missouri or Company)
15 consultant John J. Spanos of Gannett Fleming and the Staff’s Report Cost of Service
16 depreciation recommendations.

1 **Q. Is Mr. Spanos consistent in his recommendations related to general plant amortization**
2 **testimony before the Missouri Public Service Commission?**

3 A. No. Mr. Spanos in the Spire rate case GR-2021-0108 highly chastised Staff for its treatment
4 of general plant accounts. Mr. Spanos pointed out how Staff's recommendation would create
5 reserve deficiencies for the general plant amortization accounts. Below is the excerpt from
6 Mr. Spanos' rebuttal testimony in Case No. GR-2021-0108.

7 **Q. DOES STAFF'S PROPOSED RATES FOR THESE ACCOUNTS**
8 **PROPERLY REFLECT THE FULL RECOVERY AND**
9 **APPLICATION OF THE METHODOLOGY?**

10 A. No.

11 **Q. PLEASE EXPLAIN THE ISSUE WITH AN EXAMPLE.**

12 A. I will use Account 391.00, Office Furniture and Equipment as an
13 example. This asset class has an amortization period of 20 years. Therefore,
14 the rate should be 5 percent for the appropriate aged assets. The account has
15 \$10,824,779.94 in service as of September 30, 2020, however, only
16 \$10,195,581.10 is within the 20-year amortization period. Therefore, the
17 surviving plant of \$629,198.84 is older than 20 years and should have a rate
18 of 0 percent and the \$10,195,581.10 and future plant should have a rate of
19 5.00 percent. Staff has proposed a rate of 4.71 percent for the entire
20 \$10,824,779.94. Although the total amount of depreciation expense as of
21 September 30, 2020 is the same, the impact of depreciation expense going
22 forward is not when new assets are added to the account. Thus, the new
23 assets will be under-recovered, a reserve deficiency will develop and swings
24 in depreciation expense will be excessive. Therefore, Staff's proposal of
25 4.71 percent for all the existing assets and to be applied to future assets is
26 not appropriate based on the recovery methods for these accounts. The 5
27 percent rate is the proper rate for the assets in Account 391.00. This same
28 issue occurs in the other general plant accounts represented by amortization
29 accounting.¹

30 **Q. Is there anything else to note with regard to this excerpt?**

31 A. Yes. While it is not obvious from this text, Spire's direct testimony given by a different
32 witness from Mr. Spanos recommended the same rates² that Mr. Spanos was critical of Staff

¹ GR-2021-0108 Rebuttal Testimony John J. Spanos, page18 line 12- page 19 line 7.

² GR-2021-0108 Direct Testimony of Spire Witness Wesley E. Selinger, Schedule WES-1 H11-Depr Adj Page 38 of 45.

1 for using, despite those rates being clearly within the Depreciation Study provided by Mr.
2 Spanos.

3 **Q. Why do you feel it is important to make the Commission aware of Mr. Spanos' testimony**
4 **in the Spire rate case?**

5 A. Based on my review of the depreciation study filed in Ameren's rate cases it appears Mr.
6 Spanos has taken a 180 degree shift. While he was critical of Staff's recommendation in Spire
7 for suggesting rates that he argued would result in under recovery, Mr. Spanos is more than
8 comfortable to recommend depreciation rates for Ameren Missouri that will create both over
9 accruals and under accruals for new investments placed into the general plant based on the
10 amortization periods.

11 **Q. What depreciation rates do you expect for the general plant amortization period**
12 **lengths?**

13 A. For the "SQ" curves or square curves that indicate general plant amortization, all accounts are
14 assumed to have a net salvage percentage of 0.00.³ The percentages should be 100% divided
15 by the amortization period. A 20-year period would be a 5% accrual rate, a 5-year period
16 would be a 20% accrual rate, and a 15-year period would be a 6.67% accrual rate.

17 **Q. Should there be adjustments to depreciation rates for general plant since general plant**
18 **amortization has been previously approved for Ameren Missouri?**

19 A. No. Once general plant amortization has been approved, an account is essentially put on cruise
20 control; there is no need to change rates as all assets in the account are expected to have the
21 same life going forward.

³ Net salvage is Gross Salvage less Cost of Removal.

1 **Q. Why are the depreciation rates for the SQ accounts not as you described above?**

2 A Mr. Spanos recommends applying a remaining life technique to the general plant amortization
3 accounts to make up for the under recovery or over recovery of reserves in the amortization
4 accounts.

5 **Q. Should there be a need to adjust the amortization accounts?**

6 A No. When these accounts switched to general plant amortization the over or under accrued
7 values should have been separately amortized out or offset. The only likely scenario that
8 should be occurring under general plant amortization is an over accrual if the utility is not
9 timely retiring assets when they exceed the amortization period. The fact that accounts are
10 over and under accrued leads me to question what is occurring for under recovery or were the
11 imbalances not dealt with when the method changed.

12 **Q. What is your recommendation for depreciation rates for the general plant amortization**
13 **accounts?**

14 A. The Commission should reject Mr. Spanos' recommendation for remaining life rates for the
15 general plant amortization accounts as there is no need to adjust the accounts that previously
16 were ordered for amortization. The Commission should approve Mr. Spanos' average service
17 lives for the accounts and divide one hundred percent by the average service life to get the
18 depreciation rate for the accounts. All of the Ameren Missouri general plant accounts fall in
19 to three amortization periods; 20-year, 15-year, or 5-year based on Mr. Spanos' depreciation
20 study. The accrual rates should be 100% divided by the amortization period. A 20-year period
21 would be a 5% accrual rate, a 5-year period would be a 20% accrual rate, and a 15-year period
22 would be a 6.67% accrual rate.

1 **Q. Do you have any concerns with Staff's current recommendations?**

2 A. Yes. Staff is recommending use of Accounting Schedule 5 for its recommended rate
3 schedule. I have two main concerns. First, this schedule contains plant in service balances
4 that will continue to be at issue in this case through true-up and likely will not be agreed to
5 as the plant in service values of the utility, and therefore, the Commission should not order
6 this schedule to be the actual depreciation rate schedule. I am not aware of any time dating
7 back to April 2010 when I started with the Commission of a depreciation schedule being
8 ordered from any accounting schedules in any case. My second concern with Staff's
9 recommended schedule is that when you utilize the standard depreciation rate calculation
10 equation, $Depreciation\ Rate = (100\% - Net\ Salvage\ \%) \div (Average\ Service\ Life)$, the
11 average service lives and net salvage percentages on Accounting Schedule 5 do not equate
12 to Staff's recommended depreciation rates using the formula above.

13 **Q. Why does the math not work for Staff's recommendation?**

14 A. Staff is not actually utilizing the standard depreciation rate equation in this case. Instead, Staff
15 is utilizing a remaining life for each account, which is not presented in the accounting schedule
16 in order to be able to check the math of the depreciation rate using the remaining life and net
17 salvage percentages. Staff should have produced a separate schedule with accounts, account
18 descriptions, average service lives, net salvage percentages, and remaining lives utilized to
19 calculate their depreciation rates. This issue is present in both the electric and gas cases based
20 on Staff's testimony and recommended schedules.

21 **Q. What do you recommend the Commission ask of Staff?**

22 A. The Commission should order Staff to file independent depreciation schedules outside of the
23 accounting schedules. The Accounting Schedule 5 contains contested plant in service values

1 that will still be changing over the course of this case so this schedule should not be used to
2 order depreciation rates. Staff's new independent depreciation schedule should contain plant
3 accounts, plant descriptions, the average service lives, and the net salvage percentages. In
4 addition, the schedule needs to contain either a column for the remaining life or a column for
5 the average life of the account as of the date of the data since Staff recommended use of
6 remaining lives.

7 **Q. Does this conclude your rebuttal testimony?**

8 **A. Yes, it does.**

John A. Robinett

I am employed as a Utility Engineering Specialist for The Missouri Office of the Public Counsel (OPC). I began employment with OPC in August of 2016. In May of 2008, I graduated from the University of Missouri-Rolla (now Missouri University of Science and Technology) with a Bachelor of Science degree in Mechanical Engineering.

During my time as an undergraduate, I was employed as an engineering intern for the Missouri Department of Transportation (MoDOT) in their Central Laboratory located in Jefferson City, Missouri for three consecutive summers. During my time with MoDOT, I performed various qualification tests on materials for the Soil, Aggregate, and General Materials sections. A list of duties and tests performed are below:

- Compressive strength testing of 4" and 6" concrete cylinders and fracture analysis
- Graduations of soil, aggregate, and reflective glass beads
- Sample preparations of soil, aggregate, concrete, and steel
- Flat and elongated testing of aggregate
- Micro-deval and LA testing of aggregate
- Bend testing of welded wire and rebar
- Tensile testing of welded, braided cable, and rebar
- Hardness testing of fasteners (plain black and galvanized washers, nuts, and bolts)
- Proof loading and tensile testing of bolts
- Sample collection from active road constructions sites
- Set up and performed the initial testing on a new piece of equipment called a Linear Traverse / Image Analysis
- Wrote operators manual for the Linear Traverse / Image Analysis Machine
- Trained a fulltime employee on how to operate the machine prior to my return to school
- Assisted in batching concrete mixes for testing, mixing the concrete, slump cone testing, percent air testing, and specimen molding of cylinders and beams

Upon graduation, I accepted a position as an Engineer I in the Product Evaluation Group for Hughes Christensen Company, a division of Baker Hughes, Inc. (Baker), an oil field service company. During my employment with Baker, I performed failure analysis on oil field drill bits as well as composed findings reports which were forwarded to the field engineers in order for them to report to the company the conclusions of the failure causes.

I previously was employed as a Utility Engineering Specialist I, II, III for the Missouri Public Service Commission (Commission). My employment with the Commission spanned from April of 2010 to August of 2016. My duties involved analyzing depreciation rates and studies for utility companies and presenting expert testimony in rate cases before the Commission.

JOHN A. ROBINETT
SUMMARY OF CASE PARTICIPATION

Listed below are the cases in which I have supplied testimony, comments, and/or depreciation rates accompanied by a signed affidavit.

Company	Case Number	Issues	Party
Ameren Missouri	EO-2022—0054	IRP Special issues	Office of the Public Counsel (OPC)
Empire District Electric Company	EO-2022-0057	IRP Special issues	OPC
Evergy Missouri West Evergy Missouri Metro	EO-2022-0056 EO-2022-0055	IRP Special issues	OPC
Spire Missouri	GR-2021-0108	Direct, Rebuttal, Surrebuttal, and Live Testimony Depreciation and Smart Meters	OPC
Missouri American Water Company	WR-2020-0344	Rebuttal, Surrebuttal Testimony Depreciation Expense	OPC
Ameren Missouri	EO-2021—0069	IRP Special issues	OPC
Empire District Electric Company	EO-2021-0066	IRP Special issues	OPC
Evergy Missouri West Evergy Missouri Metro	EO-2021-0067 EO-2021-0068	IRP Special issues	OPC
Evergy Missouri West	EO-2020-0281	Integrated Resource Plan Comments	OPC
Evergy Missouri Metro	EO-2020-0280	Integrated Resource Plan Comments	OPC
Spire Missouri	GO-2020-0416	Depreciation Authority Order	OPC
Empire District Electric Company	EO-2020-0284	Integrated Resource Plan Comments	OPC
Spire Missouri East Spire Missouri West	GO-2018-0309 GO-2018-0310	On Remand Direct and Rebuttal Testimony ISRS Refund	OPC
Empire District Electric Company	ER-2019-0374	Direct, Rebuttal, Surrebuttal, and True-up Direct Testimony Depreciation, Operations and Maintenance Expense	OPC
Ameren Missouri	ER-2019-0355	Direct Testimony Depreciation	OPC
Summit Natural Gas of Missouri	GE-2020-0009	Depreciation Study Waiver	OPC
Spire Missouri East Spire Missouri West	GO-2019-0356 GO-2019-0357	Direct and Live Rebuttal Testimony ISRS	OPC
Ameren Missouri Gas Company	GR-2019-0077	Rebuttal Testimony Depreciation and General Plant Amortization	OPC
Spire Missouri East Spire Missouri West	GO-2019-0115 GO-2019-0116	Direct and Live Rebuttal Testimony ISRS	OPC
Empire District Electric Company	EA-2019-0010	Rebuttal, Surrebuttal, and Live Testimony CCN Application	OPC
Kansas City Power & Light Company Greater Missouri Operations	EU-2019-0197 EC-2019-0200	Affidavit for an Accounting Order for plant retirement	OPC
Ameren Missouri	EA-2018-0202	Surrebuttal Testimony Depreciation Life	OPC
Spire Missouri East Spire Missouri West	GO-2018-0309 GO-2018-0310	Direct and Live Rebuttal Testimony ISRS	OPC

JOHN A. ROBINETT
SUMMARY OF CASE PARTICIPATION

Company	Case Number	Issues	Party
Kansas City Power & Light Company	ER-2018-0145	Direct and Rebuttal, Surrebuttal, and True-up direct Testimony, Depreciation and O&M expense related to retired generation units, ONE CIS Allocation	OPC
Kansas City Power & Light Company Greater Missouri Operations	ER-2018-0146	Direct and Rebuttal, Surrebuttal, and True-up direct Testimony, Depreciation and O&M expense related to retired generation units, ONE CIS Allocation, Removal of Additional Amortization	OPC
Empire District Electric Company	EO-2018-0092	Rebuttal, Surrebuttal, Affidavit in Opposition, additional Affidavit and Live Testimony	OPC
Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities	GR-2018-0013	Rebuttal and Surrebuttal Testimony depreciation, general plant amortization	OPC
Laclede Gas Company Missouri Gas Energy Spire Missouri East Spire Missouri West	GO-2016-0332 GO-2016-0333 GO-2017-0201 GO-2017-0202 GR-2017-0215 GR-2017-0216	ISRS Over collection of depreciation expense and ROE based on Western District Opinion Docket No. WD80544	OPC
Gascony Water Company, Inc.	WR-2017-0343	Rebuttal, Surrebuttal, and Live Testimony rate base, depreciation NARUC USoA Class designation	OPC
Missouri American Water Company	WR-2017-0285	Direct, Rebuttal, Surrebuttal, and Live Testimony depreciation, ami, negative reserve, Lead Line	OPC
Indian Hills Utility Operating Company, Inc.	WR-2017-0259	Direct, Rebuttal, Surrebuttal, and Live Testimony Rate Base (extension of electric service, leak repairs)	OPC
Laclede Gas Company Missouri Gas Energy	GR-2017-0215 GR-2017-0216	Direct, Rebuttal, Surrebuttal, True-up Rebuttal, and Live Testimony depreciation, retirement work in progress, combined heat and power, ISRS	OPC
Empire District Electric Company	EO-2018-0048	IRP Special issues	OPC
Kansas City Power & Light Company	EO-2018-0046	IRP Special issues	OPC
Kansas City Power & Light Company Greater Missouri Operations	EO-2018-0045	IRP Special issues	OPC
Kansas City Power & Light Company Greater Missouri Operations	EO-2017-0230	2017 IRP annual update comments	OPC
Empire District Electric Company	EO-2017-0065	Direct, Rebuttal, Surrebuttal, and Live Testimony FAC Prudence Review Heat Rate	OPC
Ameren Missouri	ER-2016-0179	Direct, Rebuttal, Testimony Heat Rate Testing & Depreciation	OPC
Kansas City Power & Light Company	ER-2016-0285	Direct, Rebuttal, Surrebuttal, and Live Testimony Heat Rate Testing & Depreciation	OPC

JOHN A. ROBINETT
SUMMARY OF CASE PARTICIPATION

Company	Case Number	Issues	Party
Empire District Electric Company Merger with Liberty	EM-2016-0213	Rebuttal Testimony	Missouri Public Service Commission (MOPSC)
Empire District Electric Company	ER-2016-0023	Depreciation Study, Direct, Rebuttal, and Surrebuttal Testimony	MOPSC
Hillcrest Utility Operating Company, Inc.	SR-2016-0065	Depreciation Review	MOPSC
Hillcrest Utility Operating Company, Inc.	WR-2016-0064	Depreciation Review	MOPSC
Missouri American Water Company	WR-2015-0301	Depreciation Study, Direct, Rebuttal, and Surrebuttal Testimony	MOPSC
Bilyeu Ridge Water Company, LLC Midland Water Company, Inc. Moore Bend Water Utility, LLC Riverfork Water Company Taney County Water, LLC Valley Woods Utility, LLC(Water) Valley Woods Utility, LLC(Sewer) Consolidated into Ozark International, Inc.	WR-2015-0192 WR-2015-0193 WR-2015-0194 WR-2015-0195 WR-2015-0196 WR-2015-0197 SR-2015-0198 Consolidated into WR-2015-0192	Depreciation Review *filed depreciation rates not accompanied by signed affidavit	MOPSC
I. H. Utilities, Inc. sale to Indian Hills Utility Operating Company, Inc.	WO-2016-0045	Depreciation Rate Adoption CCN	MOPSC
Missouri American Water Company CCN City of Arnold	SA-2015-0150	Depreciation Rate Adoption CCN	MOPSC
Empire District Electric Company	ER-2014-0351	Direct, Rebuttal, and Surrebuttal Testimony	MOPSC
West 16th Street Sewer Company, W.P.C. Sewer Company, Village Water and Sewer Company, Inc. and Raccoon Creek Utility Operating Company, Inc.	SM-2015-0014	Depreciation Rate Adoption	MOPSC
Brandco Investments LLC and Hillcrest Utility Operating Company, Inc.	WO-2014-0340	Depreciation Rate Adoption, Rebuttal Testimony	MOPSC
Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities	GR-2014-0152	Direct, Rebuttal, Surrebuttal and Live Testimony	MOPSC
Summit Natural Gas of Missouri, Inc	GR-2014-0086	Depreciation Study, Direct and Rebuttal Testimony	MOPSC
P.C.B., Inc.	SR-2014-0068	Depreciation Review	MOPSC
M.P.B., Inc.	SR-2014-0067	Depreciation Review	MOPSC
Roy-L Utilities	WR-2013-0543	Depreciation Review	MOPSC
Roy-L Utilities	SR-2013-0544	Depreciation Review	MOPSC
Missouri Gas Energy Division of Laclede Gas Company	GR-2014-0007	Depreciation Study, Direct and Rebuttal Testimony	MOPSC
Central Rivers Wastewater Utility, Inc.	SA-2014-00005	Depreciation Rate Adoption	MOPSC
Empire District Electric Company	ER-2012-0345	Depreciation Study, Direct, Rebuttal, and Surrebuttal Testimony	MOPSC

JOHN A. ROBINETT
SUMMARY OF CASE PARTICIPATION

Company	Case Number	Issues	Party
Empire District Electric Company	WR-2012-0300	Depreciation Review	MOPSC
Laclede Gas Company	GO-2012-0363	Depreciation Authority Order Rebuttal, Surrebuttal and Live Testimony	MOPSC
Moore Bend Water Company, Inc. sale to Moore Bend Water Utility, LLC (Water)	WM-2012-0335	Depreciation Rate Adoption	MOPSC
Oakbrier Water Company, Inc.	WR-2012-0267	Depreciation Review	MOPSC
Lakeland Heights Water Co., Inc.	WR-2012-0266	Depreciation Review	MOPSC
R.D. Sewer Co., L.L.C.	SR-2012-0263	Depreciation Review	MOPSC
Canyon Treatment Facility, LLC	SA-2010-0219	Depreciation Rate Adoption- CCN	MOPSC
Taney County Water, LLC	WR-2012-0163	Depreciation Review	MOPSC
Sale of Saddlebrooke Water and Sewer Infrastructure, LLC to Missouri American Water Company (Sewer)	SA-2012-0067	Rebuttal Testimony	MOPSC
Sale of Saddlebrooke Water and Sewer Infrastructure, LLC to Missouri American Water Company (Water)	WA-2012-0066	Rebuttal Testimony	MOPSC
Midland Water Company, Inc.	WR-2012-0031	Depreciation Review	MOPSC
Sale of KMB Utility Corporation to Algonquin Water Resources of Missouri, LLC, d/b/a Liberty Water (Sewer)	SO-2011-0351	Depreciation Rate Adoption	MOPSC
Sale of KMB Utility Corporation to Algonquin Water Resources of Missouri, LLC, d/b/a Liberty Water (Water)	WO-2011-0350	Depreciation Rate Adoption	MOPSC
Sale of Noel Water Company, Inc. to Algonquin Water Resources of Missouri, LLC, d/b/a Liberty Water (Water)	WO-2011-0328	Depreciation Rate Adoption	MOPSC
Sale of Taney County Utilities Corporation to Taney County Water, LLC (Water)	WM-2011-0143	Depreciation Rate Adoption	MOPSC
Empire District Electric Company	ER-2011-0004	Depreciation Study, Direct, Rebuttal, and Surrebuttal Testimony	MOPSC
Rex Deffenderfer Enterprises, Inc.	WR-2011-0056	Depreciation Review	MOPSC
Tri-States Utility, Inc	WR-2011-0037	Depreciation Review	MOPSC
Southern Missouri Gas Company, L.P.	GE-2011-0096	Depreciation Study Waiver	MOPSC
Southern Missouri Gas Company, L.P.	GR-2010-0347	Depreciation Review	MOPSC
KMB Utility Corporation (Sewer)	SR-2010-0346	Depreciation Review	MOPSC
KMB Utility Corporation (Water)	WR-2010-0345	Depreciation Review	MOPSC
Middlefork Water Company	WR-2010-0309	Depreciation Review	MOPSC