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Issue(s): CWC
Witness: Brenda I. Weber
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Union Electric Company
File No.: GR-2019-0077
Date Testimony Prepared: June 7, 2019

MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. GR-2019-0077

REBUTTAL TESTIMONY

OF

BRENDA I. WEBER

ON BEHALF OF

UNION ELECTRIC COMPANY

d/b/a AMEREN MISSOURI

****DENOTES CONFIDENTIAL INFORMATION****

St. Louis, Missouri
June, 2019

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File No GR-2019-0077

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REBUTTAL TESTIMONY

OF

BRENDA I. WEBER

FILE NO. GR-2019-0077

I. INTRODUCTION

1
2 **Q. Please state your name and business address.**

3 A. My name is Brenda I. Weber. My business address is One Ameren Plaza,
4 1901 Chouteau Avenue, St. Louis, MO 63103.

5 **Q. Are you the same Brenda I. Weber that filed direct testimony in this**
6 **proceeding?**

7 A. Yes, I am.

8 **II. PURPOSE OF TESTIMONY**

9 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

10 A. The purpose of my rebuttal testimony is to respond to the cash working capital
11 portion of the Missouri Public Service Commission Staff Cost of Service Report ("Staff
12 Report"), which was sponsored by Missouri Public Service Commission Staff ("Staff") witness
13 Jason Kunst.

14 **Q. What are the specific contentions made by Mr. Kunst regarding the**
15 **lead/lag study used to develop cash working capital factors ("CWC factors")?**

16 A. With regard to the expense lead used in the lead/lag study, Mr. Kunst
17 reduced the expense lead for differences in sales tax, payroll and payroll taxes, and
18 pensions and other post-employment benefits ("OPEB"). I will address each of these issues
19 separately.

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IV. PAYROLL AND PAYROLL TAXES

Q. In reviewing Mr. Kunst's portion of the Staff Report, it appears Staff wants to adjust the payroll and payroll taxes payment lead time ** _____
_____ What is Staff's rationale for this change?**

A. In my direct testimony, I explain an adjustment made to the payroll and payroll taxes expense lag regarding the change in management employees' pay dates shifting from the 15th and last day of the month to the 13th and 28th of each month. Staff's recommendation is to change the ** _____

_____**

Q. Do you agree with Staff's proposed change?

A. No, I do not. Historically, the Company has calculated the payment lead time based on the period of time from the end of the service period date to the payment date. If a payment is made prior to when services are fully rendered, then the payment lead time is calculated as a negative payment lead time. In the past, the Staff has accepted this methodology in calculating the payment lead time.

Q. Has the Company used negative payment lead times in the calculation of the payroll and payroll taxes in the past?

A. Yes, from time to time for management employees. For example, when a management payroll period fell on a weekend or holiday, the payment date was the preceding business day, which resulted in the calculation of a negative payment lead time. This methodology has not changed with the adjustment in management pay dates. Furthermore, a negative payment lead time can occur in other categories of payments to

1 meet contractual obligations, such as pre-payment of services. Negative lead times are
2 typically accepted in these other circumstances, and so they should be accepted in
3 addressing the payroll and payroll tax payment lead time.

4 **V. PENSION AND OPEB BENEFITS**

5 **Q. Have you had the chance to review Staff's pension and OPEB calculations**
6 **shown in the Staff Report?**

7 A. Yes, I have reviewed the Staff's pension and OPEB calculations and I accept
8 Staff's updated employee benefits expense lead calculation.

9 **Q. Have you made any changes to your supporting schedules as a result of**
10 **accepting Staff's pension and OPEB calculation?**

11 A. Yes. Schedule BIW-R1 updates the BIW-D6 schedule included in my
12 direct testimony based on Staff's recommended expense lead calculation for pension and
13 OPEB.

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

15 A. Yes, it does.

b
Cash Working Capital Requirement
For the Twelve Months Ended June 30, 2018

Line No.	Description (A)	Revenue Lag (B)	Expense Lead (C)	Net Lag (D)	CWC Factor (E)
1	Pensions & Benefits	38.65	(19.13)	19.51	0.0535
2	Payroll and Withholdings	38.65	(10.29)	28.36	0.0777
3	Payroll Taxes	38.65	(9.50)	29.14	0.0798
4	Other Operations and Maintenance Expenses	38.65	(37.84)	0.81	0.0022
5	Property/Real Estate Taxes	38.65	(182.50)	(143.85)	(0.3941)
6	Sales Tax	38.65	(10.10)	28.54	0.0782
7	Gross Receipts Taxes	23.44	(25.85)	(2.41)	(0.0066)
8	Federal Income Tax	38.65	(37.88)	0.77	0.0021
9	State Income Tax	38.65	(37.88)	0.77	0.0021
10	St Louis Corporate Earnings Tax	38.65	(273.50)	(234.85)	(0.6434)
11	PGA Expense	38.65	(35.77)	2.87	0.0079
12	Interest Expense	38.65	(89.31)	(50.67)	(0.1388)
13	Incentive Compensation	38.65	(252.23)	(213.58)	(0.5852)