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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

<u>DENOTES CONFIDENTIAL INFORMATION</u>

St. Louis, Missouri June, 2019

> Ameren Exhibit No 15-P Date 8-15-19 Reporter CDT File No GR-2019-0077

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REBUTTAL TESTIMONY

OF

BRENDA I. WEBER

FILE NO. GR-2019-0077

1		I. INTRODUCTION				
2	Q.	Please state your name and business address.				
3	А.	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	А.	Yes, I am.				
8		II. PURPOSE OF TESTIMONY				
9	Q.	What is the purpose of your rebuttal testimony in this proceeding?				
10	А.	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	v used to develop cash working capital factors (''CWC factors'')?				
16	А.	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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1	III. SALES TAXES
2	Q. In reviewing Mr. Kunst's portion of the Staff Report, his recommendation
3	is to remove the service component when determining the revenue lag for sales tax
4	purposes. Do you agree with this change?
5	A. No, I do not. The sales tax process Union Electric Company d/b/a Ameren
6	Missouri ("Ameren Missouri" or "Company") uses has not changed over the past several
7	rate cases. Historically, the Company has calculated the cash working capital requirements
8	for sales taxes with the service lag component included in the revenue lag. Nothing has
9	materially changed in the sales tax process that supports a change in the methodology for
10	the calculation of the cash working capital requirements for sales taxes.
11	Q. Why is Staff excluding the service component from the revenue lag for
12	sales tax purposes?
13	A. Staff is grouping sales tax with the other pass-through tax, gross receipts
14	tax, by excluding the service lag from the revenue lag component. These two types of
15	taxes have different statutory requirements and are treated differently in calculating the
16	expense lead time.
17	The gross receipts tax is a tax on Ameren Missouri and, as discussed in my direct
18	testimony, the service lag component is removed from the revenue lag. There is direct
19	offsetting revenue for the gross receipts tax, and it is recorded differently.
20	On the other hand, sales tax is a tax on Ameren Missouri's customers based on the
21	sale of gas to the customer, which are recorded as a liability. There is no direct offsetting
22	revenue for the sales tax. Sales taxes are calculated on the customer's gas usage and the
23	service lag should therefore be included in the revenue lag component

23 service lag should therefore be included in the revenue lag component.

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1	IV. PAYROLL AND PAYROLL TAXES				
2	Q. In reviewing Mr. Kunst's portion of the Staff Report, it appears Staff wants				
3	to adjust the payroll and payroll taxes payment lead time **				
4	** What is Staff's rationale for this change?				
5	A. In my direct testimony, I explain an adjustment made to the payroll and				
6	payroll taxes expense lag regarding the change in management employees' pay dates				
7	shifting from the 15 th and last day of the month to the 13 th and 28 th of each month. Staff's				
8	recommendation is to change the **				
9					
10	**				
11	Q. Do you agree with Staff's proposed change?				
12	A. No, I do not. Historically, the Company has calculated the payment lead				
13	time based on the period of time from the end of the service period date to the payment				
14	date. If a payment is made prior to when services are fully rendered, then the payment lead				
15	time is calculated as a negative payment lead time. In the past, the Staff has accepted this				
16	methodology in calculating the payment lead time.				
17	Q. Has the Company used negative payment lead times in the calculation of				
18	the payroll and payroll taxes in the past?				
19	A. Yes, from time to time for management employees. For example, when a				
20	management payroll period fell on a weekend or holiday, the payment date was the				
21	preceding business day, which resulted in the calculation of a negative payment lead time.				
22	This methodology has not changed with the adjustment in management pay dates.				
23	Furthermore, a negative payment lead time can occur in other categories of payments to				
25	i uniformore, a negative payment read time can occur in other categories of payments to				

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Rebuttal Testimony of Brenda I. Weber

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	А.	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	А.	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.				

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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

File No. GR-2019-0077

AFFIDAVIT OF BRENDA I. WEBER

STATE OF MISSOURI) ss **CITY OF ST. LOUIS**

Brenda I. Weber, being first duly sworn on his oath, states:

My name is Brenda I. Weber. I work in the City of St. Louis, Missouri, and I am 1. employed by Ameren Services Company as Assistant Treasurer & Director of Corporate Finance.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of 4 pages and Schedule(s) _______, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

I hereby swear and affirm that my answers contained in the attached testimony to 3. the questions therein propounded are true and correct.

<u>bunda</u> <u>L. Ufelu</u> Brenda I. Weber Subscribed and sworn to before me this <u>4th</u> day of <u>June</u>, 2019. <u>Min</u> <u>a. Best</u>

My commission expires:

GERI A. BEST Notary Public - Notary Seat State of Missouri Commissioned for St. Louis County My Commission Expires: February 15, 2022 Commission Number: 148

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

Line		_			
No.	Description	Revenue Lag	Expense Lead	Net Lag	CWC Factor
	(A)	(B)	(C)	(D)	(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)