FILED
December 22, 2021
Data Center
Missouri Public
Service Commission

Exhibit No. 227

Commission Staff – Exhibit 227 Cedric E. Cunigan Surrebuttal Testimony File Nos. ER-2021-0240 & GR-2021-0241

Exhibit No.:

Issue:

Depreciation

Witness:

Cedric E. Cunigan, PE

Sponsoring Party:

MoPSC Staff

Type of Exhibit:

Surrebuttal Testimony

Case No.:

ER-2021-0240

Date Testimony Prepared:

November 5, 2021

MISSOURI PUBLIC SERVICE COMMISSION INDUSTRY ANALYSIS DIVISION ENGINEERING ANALYSIS DEPARTMENT

SURREBUTTAL TESTIMONY

OF

CEDRIC E. CUNIGAN, PE

UNION ELECTRIC COMPANY, d/b/a Ameren Missouri

CASE NO. ER-2021-0240

Jefferson City, Missouri November 2021

1	TABLE OF CONTENTS OF		
2	SURREBUTTAL TESTIMONY		
3	\mathbf{OF}		
4	CEDRIC E. CUNIGAN, PE		
5	UNION ELECTRIC COMPANY, d/b/a Ameren Missouri		
7	CASE NO. ER-2021-0240		
8	RESPONSE TO AMEREN MISSOURI REGARDING CHOICE OF SURVIVAL CURVES		
9	RESPONSE TO OPC REGARDING DEPRECIATION RATE		

1		SURREBUTTAL TESTIMONY	
2		OF	
3		CEDRIC E. CUNIGAN, PE	
4 5		UNION ELECTRIC COMPANY, d/b/a Ameren Missouri	
6		CASE NO. ER-2021-0240	
7	Q.	Please state your name and business address.	
8	A.	Cedric E. Cunigan, 200 Madison Street, Jefferson City, Missouri 65101.	
9	Q.	Are you the same Cedric E. Cunigan who has filed rebuttal testimony in	
10	this case?		
11	A.	Yes, I am.	
12	Q.	What is the purpose of your surrebuttal testimony?	
13	A.	The purpose of my surrebuttal testimony is to respond to the rebuttal testimony	
14	filed in this case by Union Electric Company, d/b/a Ameren Missouri's ("Ameren Missouri")		
15	witness John J. Spanos and Office of Public Counsel ("OPC") witness John A. Robinett, both		
16	regarding depreciation		
17 18 19	CURVES	TO AMEREN MISSOURI REGARDING CHOICE OF SURVIVAL	
20	Q.	Did Mr. Spanos characterize Staff's proposed service lives correctly on page 3	
21	of his rebuttal		
22	Α.	No. Staff has recommended the proposed survival curves and lives as stated by	
23	Mr. Spanos, but Mr. Spanos does not describe Staff's methodology correctly. Mr. Spanos state		
24	"Staff's estimates reflect too much emphasis on the assets surviving at the later stages of the		
25	life cycle for	an account, which is much less representative of the entire account than the	

1

3

4

5

6

7

8 9

10

11

12

13

14

15

17

16

18

19 20

earlier stages. 1" This is an incorrect statement of Staff's approach. It is common for the last 15% of a survivor curve to be excluded from curve fitting, due to unusual retirement behavior at the end of an asset group's life. Fitting beyond the last 15% surviving would put excessive emphasis on assets surviving at the later stages of the life cycle. This is not what Staff has done. Staff routinely limits its mathematical and visual fitting to the point where 15% of an asset group is surviving. Also, in my rebuttal testimony, I provided a side by side comparison of the curves chosen by Mr. Spanos and Staff².

Mr. Spanos also mentions an error in Staff's calculation of account 364 Poles O. and Fixtures. Is his description accurate?

In part. Mr. Spanos is correct in stating that Staff made an error inputting A. the reserve balance, but is incorrect about the magnitude. Mr. Spanos states that Staff entered \$10,820,364 rather than \$1,082,063,490.³ Staff actually entered \$108,206,349 when calculating for direct. Staff corrected this error in its rebuttal testimony and noted the reason for the error being that the amount was entered 1 column off of the correct location in Staff's software. Staff provided the corrected rate of 3.76% in rebuttal.⁴

RESPONSE TO OPC REGARDING DEPRECIATION RATE

- What concern does Mr. Robinett raise regarding Staff's testimony? Q.
- A. Mr. Robinett takes issue with Staff recommending rates in accounting schedule 5 as opposed to a standalone rate schedule. His reasoning was that accounting schedule 5 contains information that may not be agreed upon by other parties and that he cannot

¹ Rebuttal Testimony of John J. Spanos page 3 lines 13-15.

² Rebuttal Testimony of Cedric E. Cunigan, PE pages 6-11.

³ Rebuttal Testimony of John J. Spanos, page 10, lines 16-17.

⁴ Rebuttal Testimony of Cedric E. Cunigan, PE page 2, lines 1-5.

Surrebuttal Testimony of Cedric E. Cunigan

2

3

4

5

6

7

8

9

10

11

12

check Staff's math using the accounting schedule.⁵ Mr. Robinett also mentions that he is not aware of the commission ordering depreciation rates from an accounting schedule since he started working for the Commission in April 2010.

- O. Does Staff share these same concerns?
- A. Staff does not think that the concerns are an issue at this time. Staff provided, along with accounting schedule 5, all of the necessary workpapers to verify Staff's conclusion and calculations. Staff corrected errors made in its direct testimony and provided all the information needed to check Staff's math and calculations in updated workpapers to all parties with rebuttal testimony. That being said, Staff has attached a depreciation schedule with the information requested by Mr. Robinett to this testimony as Schedule CEC-2.
 - Q. Does this conclude your surrebuttal testimony?
- A. Yes.

⁵ Rebuttal Testimony of John A. Robinett page 5, lines 2-12.

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 CEDR	IC CUNIGAN, PE
STATE OF MISSOURI) COUNTY OF COLE)	
COMES NOW CEDRIC CUNIGAN, PE, and on lawful age; that he contributed to the foregoing Surre	ebuttal Testimony of Cedric Cunigan, PE; and
Further the Affiant sayeth not. CEDR	IC CUNIGAN, PE
JURAT	
Subscribed and sworn before me, a duly constitute County of Cole, State of Missouri, at my office November, 2021.	_
DIANNA L. VAUGHT Notary Public - Notary Seal State of Missourl Commissioned for Cole County My Commission Expires: July 18, 2023 Commission Number: 15207377	Notary Public