

Exhibit No.:
Issue(s): *Plant-In-Service*
Accounting
Witness: *Jane C. Dhority*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *ER-2024-0319*
Date Testimony Prepared: *January 17, 2025*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

REBUTTAL TESTIMONY

OF

JANE C. DHORITY

**UNION ELECTRIC COMPANY,
d/b/a Ameren Missouri**

CASE NO. ER-2024-0319

Jefferson City, Missouri
January 2025

Rebuttal Testimony of
Jane C. Dhority

1 amount of long-term incentive compensation (“LTIP”) should be recovered from ratepayers.¹
2 Therefore, as part of its direct filing, Staff recommended an adjustment to remove an amount
3 of incentive compensation from Ameren Missouri’s current PISA deferral (Period D) that
4 should not be recovered from ratepayers.

5 Q. How did Staff determine the amount of incentive compensation to remove from
6 the PISA deferral?

7 A. Staff used a percentage generated by Staff in Ameren Missouri’s most recent
8 rate case, Case No. ER-2022-0337.²

9 Q. Why did Staff use this method?

10 A. Staff submitted Data Request 400, which asked Ameren Missouri to quantify
11 the amount of capitalized incentive compensation included in PISA eligible projects.
12 However, Ameren Missouri indicated that such analysis does not exist. Ameren Missouri stated
13 that historically, all incentive compensation categories have been capitalized in accordance with
14 the Federal Energy Regulatory Commission Uniform System of Accounts (“FERC USoA”).
15 However, beginning on January 1, 2023, Ameren Missouri ceased capitalization of
16 EPS-based STIP and the portion of LTIP tied to Total Shareholder Return (“TSR”).

17 Q. Does Ameren Missouri agree with Staff’s calculated amount of incentive
18 compensation to be removed from the Company’s current PISA deferral?

19 A. No.

20 Q. Please elaborate.

21 A. In discussions between Ameren Missouri and Staff subsequent to Staff’s
22 direct filing, Ameren Missouri pointed out that Staff’s adjustment to remove capitalized

¹ Dhority Direct Testimony, pg. 8, ll. 9 through pg. 10, ll. 20

² Dhority Direct Testimony, pg. 15, ll. 5 - 16

1 incentive compensation from the PISA deferral did not contemplate that Ameren Missouri
2 ceased capitalizing EPS-based STIP and TSR-based LTIP. Staff conveyed to Ameren Missouri
3 that an amount still needed to be removed representing non-TSR LTIP, but that Staff was not
4 opposed to considering other methods to determine that amount.

5 Q. Has Ameren Missouri offered an alternative method for determining the amount
6 of incentive compensation to be removed from PISA?

7 A. Ameren Missouri stated that an alternative method will be provided to Staff,
8 but has yet to do so. Should an alternative be provided, Staff will evaluate the proposed method
9 for reasonableness as part of its true-up audit.

10 **ERROR CORRECTIONS**

11 Q. Has Staff made any revisions to its direct filing?

12 A. Yes. In its direct filing, Staff did not include the expenses allocated to Ameren
13 Missouri from Ameren Services in its adjustment for building rent expense. This caused Staff's
14 adjustment to be understated by \$807,491. Staff corrected the error by including the costs from
15 Ameren Services in its adjustment.

16 In its direct filing, Staff included employee benefit costs incurred during the update
17 period that were not included in test year amounts. This caused Staff's direct adjustment to
18 employee benefits to be overstated by \$60,946. To correct this error, Staff removed resource
19 types and activity codes not included in test year from its adjustment calculations.

20 Staff's calculated adjustment for STIP did not agree with Staff's direct accounting
21 schedules. This error caused Staff's direct adjustment to be understated by \$57,656.
22 Staff's true-up accounting schedules will be revised to reflect the calculated adjustment
23 for STIP proposed in its direct filing.

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1 Staff's test year STIP total included amounts recorded to clearing accounts that were
2 not reflected in the revenue requirement. This error caused Staff's adjustment to STIP expense
3 to be understated by \$1,120,428. Staff has revised its adjustment to remove amounts booked
4 to clearing accounts from test year expense amounts. Additionally, Staff made corrections to
5 remove clearing accounts from its STIP and LTIP pro-rata adjustment distributions.
6 This correction has no impact on the total adjustment amounts, rather, it affected how much of
7 the STIP and LTIP expense adjustments were distributed to each account.

8 Staff's calculation of the ending reserve adjustment for capitalized incentive
9 compensation did not include 2023 and 2024 incentive compensation amortization amounts.
10 Staff also included incorrect capitalized incentive compensation amounts placed in plant
11 for 2023 and 2024. This caused Staff's plant adjustment to be overstated by \$9,676,030, and
12 Staff's reserve amount to be understated by \$ 1,915,580. To correct these errors, Staff has
13 updated its direct adjustments to include the correct amount of capitalized incentive
14 compensation placed in plant in 2023 and 2024, as well as amortizations of the amounts placed
15 in plant for 2023 and 2024.

16 In its direct filing, Staff incorrectly removed pension and OPEB tracker amortizations
17 for the five oldest tranches twice. This error caused Staff's direct adjustment to pension
18 and OPEB tracker balances to be overstated by \$9,193,893. Staff corrected the error by
19 removing adjustment E-159.6 from Staff's accounting schedules.³

20 In its direct filing, Staff did not include PISA Period C amounts deferred subsequent to
21 the true-up cut-off date in Case No. ER-2022-0337 (Period C "Doughnut Hole"⁴).

³ Staff Adjustment E-159.6 "To remove test year amortizations and include in Expired and Expiring amortization expense. (Dhority)".

⁴ "Doughnut Hole" is the term used by Ameren Missouri to describe the PISA amounts for a period that were deferred after the true-up cutoff date in the previous rate case. This period is also referred to as a "stub period".

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1 This caused Staff's Period D deferral amount to be understated by \$73,890,817. To correct this
2 error, Staff has included amounts deferred during the Period C Doughnut Hole in the total
3 Period D deferral calculated by Staff in its direct filing. Staff's direct filing also contained an
4 error in the amortization calculation for PISA Period C. Staff's direct calculation
5 incorrectly began amortizing the Period C deferral on January 1, 2023. This caused Staff's rate
6 base to be understated by \$4,523,088. Staff has amended its calculation to begin amortizing
7 PISA Period C deferral amounts in the correct month (July of 2023).

8 Q. Does this conclude your rebuttal testimony?

9 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

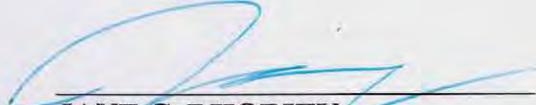
In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Adjust)
Its Revenues for Electric Service) Case No. ER-2024-0319

AFFIDAVIT OF JANE C. DHORITY

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

COMES NOW JANE C. DHORITY and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Jane C. DhORITY*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

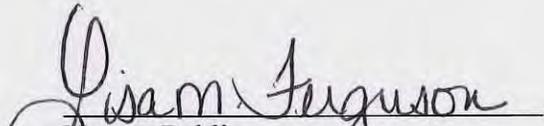


JANE C. DHORITY

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 15th day of January 2025.

LISA M. FERGUSON
Notary Public - Notary Seal
State of Missouri
Commissioned for St. Louis County
My Commission Expires: June 23, 2028
Commission Number: 16631502



Notary Public