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Normalized Revenue,  
Tariff Changes  
Witness: Michael W. Harding  
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Sponsoring Party: Union Electric Company  
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**MISSOURI PUBLIC SERVICE COMMISSION**

**FILE NO. GR-2024-0369**

**REBUTTAL TESTIMONY**

**OF**

**MICHAEL W. HARDING**

**ON**

**BEHALF OF**

**UNION ELECTRIC COMPANY**

**D/B/A AMEREN MISSOURI**

**St. Louis, Missouri  
April 2025**

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**REBUTTAL TESTIMONY**

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**MICHAEL W. HARDING**

**FILE NO. GR-2024-0369**

**I. INTRODUCTION**

1

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

2

3 A. My name is Michael W. Harding. My business address is One Ameren  
4 Plaza, 1901 Chouteau Ave., St. Louis, Missouri.

3

4

5 **Q. Are you the same Michael W. Harding that submitted direct testimony**  
6 **in this case?**

5

6

7 A. Yes, I am.

7

8 **Q. To what testimony or issues are you responding?**

8

9 A. I am responding to the direct testimony presented by Staff witness Kimberly  
10 Tones concerning proposed changes to imbalance charges and the Company's billing practices.  
11 I am also addressing differences in workpapers used to calculate normal revenues.

9

10

11

12

**II. BILLED REVENUE**

13 **Q. Are you responding to the direct testimony of Kimberly Tones regarding**  
14 **her proposal to modify Ameren Missouri's billing schedule?**

13

14

15 A. Yes, specifically her proposal to modify our existing billing schedule approach. After  
16 careful review, I find her recommendations to be unnecessarily disruptive and lacking a  
17 foundation in a comprehensive understanding of our billing systems' operational complexities.

15

16

17

18 **Q. What specific concerns do you have with the Staff's proposed changes?**

18

1           A.       Staff's recommendation appears deceptively simple on the surface but would  
2       require a fundamental restructuring of our entire billing and financial reporting ecosystem. Ms.  
3       Tones suggests setting the revenue month exactly equal to the meter read date, which sounds  
4       straightforward, but would create substantial operational challenges. The existing spreadsheet  
5       that determines revenue months is a critical planning tool that ensures consistent billing cycles  
6       across customer classes, predictable billing dates for customers, and accurate financial  
7       reporting. The proposed change would disrupt these carefully balanced systems without  
8       providing any demonstrable benefit to customers or improving financial accuracy.

9           **Q.       How would implementing the Staff's recommendation impact Ameren**  
10       **Missouri's operations?**

11          A.       A comprehensive analysis of the change has not been performed since this  
12       would also require a substantial amount of resources to determine the full extent of the changes  
13       required, however, past investigative discussions with the Company's digital and accounting  
14       teams on this topic have revealed the operational implications would likely be profound and far-  
15       reaching. Implementing Ms. Tones' recommendation would require a comprehensive redesign  
16       of our billing infrastructure, involving, and not limited to:

17               **Complex System Reconfiguration:** Our current billing and financial systems are  
18       intricately designed to work with our existing revenue month assignment methodology. A  
19       change as proposed would necessitate extensive modifications to system logic, reporting  
20       mechanisms, and internal accounting processes. This is not a simple adjustment but a  
21       fundamental system redesign that would require significant time, resources, and potential  
22       disruption to our billing cycle. It's very likely there are departments and reports leveraging the

1 revenue month data in its current form that we would not even be aware of the impacts until  
2 such a change or extensive study was performed.

3 **Resource Intensive Implementation:** The proposed changes would demand  
4 substantial investment across multiple departments. Our IT teams would need to develop and  
5 thoroughly test new system configurations, potentially requiring vendor involvement and  
6 comprehensive staff retraining. The indirect costs of such a project would ultimately be borne  
7 by our customers, without delivering any tangible benefit.

8 **Operational Disruption:** Our current meter reading and billing processes are optimized  
9 to balance efficiency, accuracy, and customer service. The proposed method would introduce  
10 unnecessary complexity into a system that currently operates smoothly and predictably. It would  
11 require reimagining our entire approach to meter reading, billing cycle management, and  
12 financial reporting.

13 **Q. Ms. Tones suggests that Ameren Missouri is an outlier in its billing**  
14 **practices. How do you respond?**

15 A. Her assertion is both misleading and unsupported. Utility billing systems are  
16 inherently complex, and minor variations in methodologies to record revenue are common  
17 across the industry. What matters is not superficial uniformity, but the substantive effectiveness  
18 of our approach. Our current method fully complies with applicable accounting standards,  
19 provides consistent and predictable billing for customers, and maintains the integrity of our  
20 financial reporting. Staff's recommendation does not appropriately weigh operational  
21 considerations.

22 **Q. What potential risks do you see in implementing the proposed changes?**



1 than 5% and the lesser of 90% PGA or 90% GDA for positive imbalances greater than  
2 5%.

3 **Q. Does the Company support an adjustment to the positive daily**  
4 **imbalances?**

5 A. Not at this time. While more punitive positive imbalance charges may in  
6 fact result in some Transportation customers and marketers scheduling usage closer to  
7 their actuals, the Winter Storms that Ms. Tones references in her direct testimony are the  
8 exact reason the Company has a less punitive positive imbalance charge. If a customer is  
9 uncertain of what their load forecast will be for a very cold winter day, this asymmetrical  
10 imbalance calculation is intended to incent them to overschedule gas, opposed to under  
11 schedule. If the negative and positive imbalance provisions are equal, it could result in  
12 indifference to under or over scheduling, or worse, customers may actually prefer to  
13 under schedule on the coldest days in hopes that Intraday prices might moderate from  
14 previous Day Ahead highs, providing them less disincentive and risk than  
15 overscheduling. Even though a change to positive imbalances is not recommended at this  
16 time, we do support the continued monitoring of these imbalances and would consider  
17 modifications in the future if the overscheduling of gas ever became an issue or there was  
18 evidence of gaming due to the current imbalance structure.

19 **IV. NORMALIZED REVENUES**

20 **Q. Do you have any concerns with the calculations presented by Staff to**  
21 **develop their version of normalized revenue?**

22 A. Yes, in Staff's "Growth and Seasonality Workpaper Accurate Normalization  
23 Usage" workpaper used to develop normalized revenues, some errors were discovered in

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Michael W. Harding

1 the Standard Transportation class resulting in normalized revenues \$2,148,130 higher than  
2 presented by the Company. Staff has recognized the errors and has committed to updating  
3 the work paper. The Company will review the revisions, and if necessary, comment in  
4 Surrebuttal.

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

6 **A. Yes, it does.**



