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Revenues*
Witness: *Melissa J. Reynolds*
Sponsoring Party: *MoPSC Staff*
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

WATER, SEWER, GAS, AND STEAM DEPARTMENT

REBUTTAL TESTIMONY

OF

MELISSA J. REYNOLDS

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

CASE NO. GR-2024-0369

*Jefferson City, Missouri
April 2025*

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **MELISSA J. REYNOLDS**

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

6 **CASE NO. GR-2024-0369**

7 Q. Please state your name and business address.

8 A. My name is Melissa J. Reynolds, and my business address is 200 Madison Street,
9 Jefferson City, Missouri 65102.

10 Q. By whom are you employed and in what capacity?

11 A. I am employed by the Missouri Public Service Commission (“Commission”)
12 as a Senior Research/Data Analyst in the Water, Sewer, Gas, and Steam Department;
13 Industry Analysis Division. My credentials and a listing of cases in which I have filed testimony
14 previously before the Commission are attached to this rebuttal testimony as Schedule MJR-r1.

15 Q. What is the purpose of your rebuttal testimony?

16 A. The purpose of my rebuttal testimony is to correct the weather normalization
17 analysis of the Standard Transportation Service (STS) Class provided in my direct testimony
18 and to describe methodological differences between Staff and Ameren Missouri regarding
19 normalization adjustments for leap year. I will also address the rate switching adjustment made
20 by Ameren Missouri witness Michael Harding.

1 **STANDARD TRANSPORTATION SERVICE**

2 Q. How did you become aware of the need to correct the weather normalization
3 analysis for the STS Class?

4 A. Staff had a meeting with Ameren Missouri on March 19, 2025 to discuss
5 differences in weather normalization for STS, noting different rates within STS for non-school
6 and school entities. Ameren Missouri had calculated normal usage per customer for non-school
7 and school entities in both of its service regions for its weather normalization analysis,
8 whereas Staff had combined non-school and school entities into a single class for each region.

9 Q. Why was the difference in method a concern to Ameren Missouri?

10 A. Ameren Missouri's concern was in regard to the impact of Staff's method on
11 revenues. By combining non-school and school entities into a single rate class, Staff's method
12 resulted in higher normal usage per customer for non-school entities and lower normal usage
13 per customer for school entities. Since rates for non-school and school entities are so different,
14 the different methods yielded different revenues.

15 Q. What was the result of Staff separating non-school and school entities?

16 A. After separating non-school and school entities, the difference between Staff and
17 Ameren Missouri revenue calculations increased, becoming even less similar.

18 **CORRECTIONS TO USAGE BLOCK PERCENTAGES**

19 Q. Did any other errors come to light when Staff reanalyzed the STS calculations?

20 A. Yes. Staff realized usage block percentages for April, May, and June 2023 were
21 used to calculate block usage for April, May, and June 2024, the update period.

22 Q. Was this error corrected?

1 A. Yes. Staff utilized data from a response to DR 0226.1 to develop block
2 percentages specific to actual usage during the update period.

3 Q. What was the result using the corrected block usage percentages?

4 A. The correction made Staff revenues more similar to Ameren Missouri revenues.

5 **OTHER METHODOLOGICAL DIFFERENCES**

6 Q. Can you elaborate on other differences in method between Staff and
7 Ameren Missouri?

8 A. Due to needed prompt turn-around, usage and revenue was not normalized for
9 rate switching by Staff.

10 Q. Were there any other differences in methodology?

11 A. Yes. Staff's weather normalization spreadsheet normalizes usage to eliminate
12 additional usage in a leap year and to ensure all billing cycles represent a 365-day year,
13 whereas Ameren Missouri addresses additional usage in a leap year in a separate step from its
14 weather normalization. In addition, to update the analysis, Staff's analysis includes a year of
15 data ending on the June 30, 2024, whereas Ameren Missouri data represents the test year ending
16 March 31, 2024.

17 Q. How does Staff's data for STS usage and revenue data compare to
18 Ameren Missouri's STS usage and revenue data?

19 A. Although there are some significant differences from month to month, service
20 area to service area, and entity to entity, end results of Staff's original analysis and
21 Ameren Missouri's analysis for STS usage and revenue were very similar.

1 After making all adjustments, the differences between Staff’s and Ameren Missouri’s usage
2 and revenue remain similar. See the chart below for a summary of analyses:

Standard Transportation Service Area/Entity	USAGE (ccf)			REVENUES (\$)			
	Ameren	Staff (Non-School & School Combined)	Staff (Non-School & School Separated)	Ameren	Staff (Non-School & School Combined)	Staff (Non-School & School Separated)	Staff (Non-School & School Separated) with Usage Block Percentage Update
Panhandle Eastern/Non-School	30,807,052	31,464,779	31,051,397	6,937,194	7,083,189	6,991,324	6,977,240
Panhandle Eastern/School	3,228,190	3,169,206	3,595,027	1,154,182	1,135,013	1,274,222	1,259,807
Texas Eastern/Non-School	1,539,593	1,360,496	1,313,652	431,540	385,140	372,578	379,817
Texas Eastern/School	381,952	368,963	409,191	146,693	140,819	153,899	153,899
Total	35,956,787	36,363,444	36,369,267	8,669,609	8,744,161	8,792,022	8,770,762
Percentage of Ameren Value	100%	101.13%	101.15%	100%	100.86%	101.41%	100.30%

3

4 **RATE SWITCHING**

5 Q. What is rate switching?

6 A. Rate switching is a method of adjusting rate revenues for large customer classes,
7 such as STS and General Service, to reflect customer gains and/or losses. These adjustments
8 reflect the revenue effects of customers that either began taking service or quit taking service
9 during the test period. If a customer came on the system during the test period,
10 customer revenues are adjusted for the ‘missing’ months as though the customer has 12 months
11 of usage during the test period. If a customer drops off the system, their revenues are removed
12 from the revenue calculation for the test period. These adjustments help provide a more accurate
13 representation of the number of customers taking service in a particular class.

14 Q. Why is an adjustment necessary?

15 A. An adjustment to revenues to address rate switching, like other adjustments
16 made by Staff, creates a more accurate portrayal of the revenues Ameren Missouri would have
17 been expected to collect under their current rates. Current revenues and the revenue
18 requirement increase are used to determine the necessary revenues to recover when new rates
19 become effective.

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1 Q. Why did Staff not employ an adjustment for rate switching?

2 A. Unfortunately, the failure to add in this adjustment was an oversight on
3 Staff's part.

4 Q. Does Staff object to the concept of such an adjustment as proposed by
5 Ameren Missouri?

6 A. Staff does not object to such an adjustment to further refine the
7 revenue calculation. Staff intends to have its adjustment calculated for True up, which ends on
8 May 31, 2025.

9 Q. Does this conclude your Rebuttal Testimony?

10 A. Yes, it does.

Melissa J. Reynolds

I serve as a Senior Research/Data Analyst for the Water, Sewer, Gas, & Steam Department, in the Industry Analysis Division of the Missouri Public Service Commission. I have been employed by the State of Missouri since 2011, and have been with the Commission since October 1, 2024. My duties as Senior Utility Regulatory Specialist involve multiple aspects of the Commission’s regulation of water, sewer, gas, and steam industries including case management, customer complaints, drafting and reviewing testimony, and working with the utilities to promote best practices in their provision of safe and adequate service at just and reasonable rates.

Educational Background and Work Experience

I have Master of Science degree in Biology from Missouri State University in Springfield, Missouri. Prior to joining the Public Service Commission, I was employed by the Missouri Department of Health and Senior Services (DHSS) – Bureau of Environmental Epidemiology (BEE) from 2015 to 2024 as an Environmental Specialist, Senior Epidemiologist, and Program Manager over the Wastewater Surveillance Program, as well as being a member of the Radiological Emergency Response team. I started my state employment at the State Public Health Laboratory (SPHL) in 2011 as a Scientist where I continue to work part-time in the Newborn Screening Unit. I also teach Human Anatomy and Physiology courses at State Fair Community College in Sedalia, MO. I have competence in environmental testing of drinking water, environmental inspections, and installation of on-site wastewater systems. I also have vast experience with grant writing and management.

Previous Testimony Before the Public Service Commission

Not Applicable. I have not provided testimony before the Public Service Commission.

Recommendation/Memorandum

Case Number	Company	Issue
HT-2024-0296	Evergy Missouri West	Quarterly Cost Adjustment (QCA) 4 th quarter