

*Exhibit:*

*Issue(s): Rate Case Expense,  
Depreciation Study  
Expense, Membership  
Dues, Electric and Gas  
Allocations, True-Up  
Adjustments*

*Witness: Blair Hardin*

*Sponsoring Party: MoPSC Staff*

*Type of Exhibit: Surrebuttal/True-Up Direct  
Testimony*

*Case No.: GR-2024-0369*

*Date Testimony Prepared: May 2, 2025*

**MISSOURI PUBLIC SERVICE COMMISSION**

**FINANCIAL AND BUSINESS ANALYSIS DIVISION**

**AUDITING DEPARTMENT**

**SURREBUTTAL/TRUE-UP DIRECT TESTIMONY**

**OF**

**BLAIR HARDIN**

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

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

*Jefferson City, Missouri  
May 2025*

**\*\* Denotes Confidential Information \*\***

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**d/b/a Ameren Missouri**  
**CASE NO. GR-2024-0369**

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1 Northeast Territory Gas System Reliability Upgrade project is included in rate base in this case,  
2 the Company will have to quickly file a gas rate review case following the conclusion of the  
3 current one. Staff's direct testimony recommends the Commission deny the inclusion of  
4 Phase 2, making its presumption of the Company filing a gas case in three years unreasonable.”

5 How does Staff respond?

6 A. Staff witness Matthew R. Young has supporting testimony proposing the  
7 exclusion of Phase 2 project costs within this rate case; however, a decision on that issue has  
8 yet to occur. It is unknown at this point as to what the disposition of that issue will be.  
9 Regardless, as to the disposition of that issue, just because Ameren Missouri states it will file  
10 another rate case after the conclusion of the current one, does not mean that the filing will  
11 actually happen as described. A lot of factors go into a company's decision to file rate  
12 proceedings and there could be a change in Ameren Missouri's investment, expense and  
13 revenue that could prevent the need for that future filing.

14 Q. On page 3, lines 7-9 of Mr. Hasse's rebuttal testimony, he states that Staff has  
15 no case specific facts or analyses to support Staff's 50/50 sharing recommendation and there is  
16 no basis to justify the Commission's adoption of this recommendation. How does  
17 Staff respond?

18 A. As explained on page 8 of my direct testimony, there are multiple reasons that  
19 Staff believes a 50/50 sharing mechanism is appropriate. Staff evaluates the types and  
20 reasonableness of rate case related costs as part of each rate case proceeding in order to  
21 determine if those costs are consistent with costs that have been recommended for sharing in  
22 other cases and if the reasoning for sharing applies. While Ameren Missouri must request  
23 approval for a rate change, it is not subject to regular competition with other utilities.

1 Ameren Missouri has specific delineated service territories from which it receives revenue.  
2 At the same time, customers are captive to the provision of services from Ameren Missouri  
3 alone and rely on Ameren Missouri to provide safe and reliable service while maintaining its  
4 business through responsible cost management. This is a shared relationship and thus the  
5 recovery of a charge for a change in rates should also reflect a shared mentality. Rate cases can  
6 benefit both ratepayers and shareholders. For instance, when Ameren Missouri comes in for a  
7 rate case and requests a rate of return, its investors are getting a return on their investment,  
8 while these investments are providing adequate service at just and reasonable rates to the  
9 ratepayers. By sharing the expenses associated with Ameren Missouri's rate of return witness,  
10 shareholders are provided with an advocate for their investment, while Ameren Missouri is also  
11 incentivized to control its costs in providing service to ratepayers. Finally, ratepayers are not  
12 just sharing the costs for rate case expenses, they are also picking up costs for the entirety of  
13 the rest of the revenue requirement. For example, Ameren Missouri is proposing inclusion of  
14 discrete adjustments as part of this current rate proceeding; it is possible that this proposed item  
15 could very well not be considered to be in the public interest and not ultimately included in the  
16 cost of service in this case. Based on these examples, the rate case benefits both shareholders  
17 and ratepayers it is reasonable to apply the 50/50 sharing mechanism.

18 **DEPRECIATION STUDY**

19 Q. On Page 4, lines 1-4 of Mr. Hasse's rebuttal testimony he states that  
20 Ameren Missouri "has a history of performing a depreciation study in each of [its] last three  
21 gas rate reviews and therefore the appropriate normalization period should be the same period"  
22 as rate case expense. Has Ameren Missouri historically proposed the same

1 normalization/amortization recovery period for rate case expense and the cost of the  
2 depreciation study?

3 A. No. In fact, in Ameren Missouri’s last gas rate case, Case No. GR-2021-0241,  
4 Ameren Missouri witness Mitchell Lansford stated the following on page 19, lines 16-17 of his  
5 direct testimony, “[t]he depreciation study expense will be recovered over five years based on  
6 the requirement for a study to be completed every five years.” This proposal has also been true  
7 in past Ameren Missouri electric rate cases prior to Ameren Missouri electric’s 2024 rate case.  
8 Ameren Missouri says it will come right back in for another rate case after this current case is  
9 concluded if they are not allowed to recover their proposed discrete adjustment. However, until  
10 the notice and rate case are filed, Staff will not know when Ameren Missouri will come back  
11 in for another gas rate case; therefore, Staff continues to recommend to amortize the costs of  
12 the depreciation study over five years.

13 Q. On page 3, lines 19-21 and page 4, lines 1-4 of his rebuttal testimony, Mr. Hasse  
14 disagrees with Staff’s inclusion of the current depreciation study expense rather than the  
15 average of the depreciation study expense from Ameren Missouri’s past three gas rate cases.  
16 Why has Staff included the most recent depreciation study costs in this case?

17 A. Staff included the most recent depreciation study expense in this case as  
18 it reflects the most current asset evaluation, including the advanced metering  
19 infrastructure (“AMI”) investment, and reflects the latest hours and hourly rates for  
20 Ameren Missouri’s consultants.

21 Q. Is a two-year period for recovery of depreciation study expense consistent  
22 with the time period that Ameren Missouri’s depreciation consultants have  
23 previously recommended?

1           A.     No. In Case No. GR-2010-0363, witness John F. Wiedmayer Jr. stated that  
2 “[f]or most plant accounts, the application of such rates to future balances that reflect additions  
3 subsequent to December 31, 2008, is reasonable for a period of three to five years.” Also in  
4 Case No. GR-2019-0077, Mr. Wiedmayer stated, “[f]or most plant accounts, the application of  
5 such rates to future balances that reflect additions subsequent to December 31, 2014,  
6 is reasonable for a period of three to five years.” Additionally, in this current rate case,  
7 Ameren Missouri Witness John Spanos stated in his direct testimony in Schedule JJS-D2,  
8 page VI-2 that “[f]or most plant accounts, the application of such rates to future balances that  
9 reflect additions subsequent to December 31, 2023, is reasonable for a period of three to  
10 five years.”

11           Q.     Is Ameren Missouri required to perform a depreciation study for every rate case  
12 it files?

13           A.     No. It need only file an updated depreciation study every five years. If a rate  
14 case is filed prior to five years having elapsed, then a new study is not necessary unless a  
15 material change has happened.

16           **MEMBERSHIP DUES**

17           Q.     On page 14, lines 5-6 of his rebuttal testimony, Mr. Hasse states “Staff provides  
18 no evidence of any audit or study indicating that the test year included an abnormal level of  
19 such fees and that an adjustment is necessary. Furthermore, Staff provided no justification for  
20 disallowance of any other membership dues expense.” How does Staff respond?

1           A.     In Staff Data Request 0175, Staff requested invoices for all membership dues  
2 and donations costs incurred in the test year. Ameren Missouri provided a response which  
3 included some supporting documentation and \*\* [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED] \*\*.

8     **ELECTRIC AND GAS ALLOCATIONS**

9           Q.     On page 16, lines 6-7 of Mr. Hasse’s rebuttal testimony he states that since direct  
10 testimony was filed in this case, the Company has met with Staff to discuss their concerns  
11 regarding the allocated costs from gas operations. How does Staff respond?

12           A.     Ameren Missouri did meet with Staff and a walkthrough was performed of the  
13 process regarding joint expenses that are allocated between electric and gas operations. Staff  
14 found this to be a helpful exercise. Ameren Missouri also allocates investment of facilities that  
15 are used for both electric and gas operations. For jointly incurred expenses as well as jointly  
16 used investment, Ameren Missouri records amounts within the electric utility and then allocates  
17 a portion to the gas utility. When Staff was calculating Ameren Missouri’s allocated plant and  
18 reserve to gas operations, the amounts allocated between electric and gas for plant in service  
19 tied between electric and gas operations, however the reserve amounts allocated to gas  
20 operations, do not seem match to the amount allocated from electric operations. Since  
21 Ameren Missouri’s electric and gas rate cases utilized the same test year and true-up period,  
22 Staff expected them to match. Staff has comfort that the overall plant and reserve for both



1 electric and gas operations reflect the amounts recorded in the books and records; the issue  
2 appears to lie in the allocation of the reserve.

3 Q. How is Ameren Missouri calculating its allocated accumulated reserve?

4 A. Staff requested Ameren Missouri to provide an explanation as to how it is  
5 calculating its allocated reserve<sup>1</sup> to which Ameren Missouri replied with “[t]he reserve  
6 associated with the allocated general plant is calculated by taking the ratio of the allocated plant  
7 balance (by major) over the total general plant balance and then applying that ratio to the total  
8 general plant reserve balance (by major). This allocates the reserve in the same proportion as  
9 the plant.”

10 Q. What has Staff included in the true-up revenue requirement associated with  
11 allocated reserve?

12 A. Staff has included the allocated reserve to gas operations that was included by  
13 both Ameren Missouri and Staff that was allocated from the electric case, as this maintains  
14 consistency between the utilities. Staff would like to revisit this reserve allocation calculation  
15 with Ameren Missouri personnel in Ameren Missouri’s next rate proceeding.

16 **TRUE-UP DIRECT**

17 Q. What adjustments are you sponsoring for Staff’s True-Up audit?

18 A. I am sponsoring Staff’s true-up audit adjustments for property tax expense, the  
19 property tax expense tracker, plant in service and accumulated depreciation reserve, and  
20 capitalized O&M depreciation.

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<sup>1</sup> Staff Data Request 308.

1           **Property Tax Expense**

2           Q.     Has Staff updated its position on property tax expense?

3           A.     Yes. Staff has updated its position to include the actual amount of 2024 property  
4 taxes incurred and paid by Ameren Missouri.

5           **Property Tax Tracker**

6           Q.     Has Staff updated its position on the property tax tracker?

7           A.     Yes. Staff has updated the ongoing tracker balance included in rate base as of  
8 December 31, 2024. This balance has been added to rate base and the annual amortization  
9 expense has been included in the cost of service. The ongoing property tax tracker base amount  
10 should be set at the actual property tax expense from December 31, 2024.

11          **Plant In Service & Accumulated Depreciation Reserve**

12          Q.     Did Staff update its position on plant in service and accumulated  
13 depreciation reserve?

14          A.     Yes. Staff updated the amount of plant in service and accumulated depreciation  
15 reserve through December 31, 2024.

16          **Capitalized O&M Depreciation**

17          Q.     Has Staff updated its position for capitalized O&M depreciation?

18          A.     Yes. Staff updated its position for capitalized O&M depreciation, utilizing  
19 annualized depreciation for Federal Energy Regulatory Commission (“FERC”) accounts 392  
20 and 396, based upon Staff’s proposed depreciation rates for these accounts. Staff has  
21 annualized the updated portion of the depreciation expense for the accounts that are utilized for  
22 both capital and expense purposes.

Surrebuttal/True-Up Direct Testimony  
of Blair Hardin

- 1 Q. Does this conclude your surrebuttal/true-up direct testimony?
- 2 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 Natural Gas Service            )            Case No. GR-2024-0369

**AFFIDAVIT OF BLAIR HARDIN**

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

**COMES NOW BLAIR HARDIN** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal / True Up Direct Testimony of Blair Hardin*; and that the same is true and correct according to her best knowledge and belief.

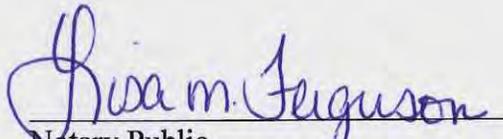
Further the Affiant sayeth not.

  
\_\_\_\_\_  
**BLAIR HARDIN**

**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 29<sup>th</sup> day of April 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