

Exhibit No.:
Issues: Class Cost of Service
Witness: Lena M. Mantle
Sponsoring Party: MO PSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2007-0002
Date Testimony Prepared: February 5, 2007

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

LENA M. MANTLE

UNION ELECTRIC COMPANY d/b/a

AMERENUE

CASE NO. ER-2007-0002

Jefferson City, Missouri
February, 2007

UE Exhibit No. 68
Case No(s) ER-2008-0218
Date 11-24-08 Rptr KT

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REBUTTAL TESTIMONY
OF
LENA M. MANTLE
UNION ELECTRIC COMPANY d/b/a
AMERENUE
CASE NO. ER-2007-0002

Q. Please state your name and business address.

A. My name is Lena M. Mantle and my business address is Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

Q. Are you the same Lena M. Mantle who has filed prepared direct testimony in this case?

A. Yes, I am. I also filed rebuttal testimony in this case on January 31, 2007 regarding Demand-Side Management goals for Union Electric Company d/b/a AmerenUE (AmerenUE) and its weatherization program.

Q. Would you summarize this rebuttal testimony?

A. AmerenUE witness Robert J. Mill submitted direct testimony regarding the Voluntary Green Program (VGP) and presented the proposed tariff sheet which describes the program. (Mill direct, pg. 13-14) Staff supports cost-effective renewable energy. However, Staff does not agree that AmerenUE providing a way for customers to purchase Renewable Energy Certificates (RECs) is where AmerenUE should be expending its efforts to include renewables in its portfolio of resources. Staff believes that AmerenUE's show a much tangible support of renewables such as development of a wind farm or biomass generation plant.

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1 Q. What is a REC?

2 A. According to Mr. Mill, "A REC is defined as the environmentally beneficial
3 component of renewable energy and is equivalent to 1,000 kWh." (Mill direct, pg 13, ln.
4 6-8) In other words, a renewable energy provider (e.g., wind farm, biomass plant) is
5 credited with one REC or green tag for each 1,000 kilowatt hours (kWh) of electricity it
6 produces. As the renewable energy MWh is created, there is an accompanying REC
7 which can be sold on the open market. Several organizations attempt to ensure that RECs
8 are actually created, correctly tracked, verified and not double counted.

9 Q. Do you recommend that the Missouri Public Service Commission
10 (Commission) approve the VGP?

11 A. No.

12 Q. Why shouldn't the Commission approve the VGP?

13 A. RECs are a market mechanism that represent the environmental benefits
14 associated with generating electricity from renewable energy resources. Staff has no
15 problem with the REC market but it is Staff's position that if AmerenUE is serious about
16 the development and integration of renewable power into its resource portfolio, it should
17 be spending its resources on developing renewable power, not selling RECs. In its recent
18 resource plan filing, AmerenUE only analyzed a minimal amount of wind resources and
19 then restricted the generation of the wind resources to its service territory in Missouri.
20 Given these constraints, it is not surprising that wind resources were not shown to be cost
21 effective resources. Even with this limited analysis, wind was analyzed more than any
22 other renewable resource even though Staff is aware of a St. Louis metro area landfill that
23 has had numerous communications with AmerenUE attempting to build a relationship

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1 that could result in construction of a power plant that would use presently available
2 landfill gas as its fuel source.

3 In addition, Staff thinks that it would be likely for there to be serious confusion on
4 the part of customers purchasing a REC to believe that when they purchase a REC, they
5 are purchasing renewable energy.

6 Q. If a REC is purchased, is it the same as purchasing renewable energy?

7 A. No. Purchasing a REC is a method of supporting renewables. It is not the
8 same as purchasing renewables. The renewable power that the REC is associated with
9 may be generated in another state. It may have already been generated or it may be
10 generated anytime in the next year. Purchasing a REC is not the same as purchasing
11 renewable energy.

12 An analogous example would be if McDonald's sells "hamburger credits," can
13 someone who buys one of the credits satisfy his or her hunger with the hamburger credit?
14 The only way to satisfy hunger is to purchase the cheeseburger and consume it. Whoever
15 purchases a cheeseburger credit will just be supporting cheeseburgers. There is nothing
16 wrong with this as long as the goal of the purchaser was to support hamburgers not to
17 meet his or her actual needs. In the same way the purchase of a REC does not mean that
18 the consumer is receiving renewable power. It simply means that the consumer is
19 supporting renewable power.

20 Q. Is this type of program offered elsewhere?

21 A. Yes, this type of program is offered nationwide. While there are utilities that
22 have programs that offer RECs to their customers, RECs are also available for purchase
23 without a sponsoring utility, i.e., supporting renewable energy through the purchase of

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1 REC can easily be done regardless of whether it is a part of an electric utility program.

2 There are web sites that anyone can go to and purchase RECs.

3 Q. So is Staff against the purchase of RECs?

4 A. No. It is one tool that encourages the development of renewable energy.

5 However, Staff does not believe that AmerenUE should offer the program. RECs are
6 available to AmerenUE's customers even if AmerenUE does not offer the VGP. I do
7 recognize that many of AmerenUE's customers do not know about RECs and that
8 publicity and support from AmerenUE through such a program would likely result in
9 more customers buying RECs. However, the potential for customer confusion is great.

10 If AmerenUE wants to support renewable energy through a program of this type,
11 then AmerenUE might suggest that Ameren Corporation offer this product to through an
12 unregulated subsidiary.

13 Q. Does this conclude your rebuttal testimony?

14 A. This concludes my testimony for the class cost-of-service and rate design
15 rebuttal filing of this case.