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MISSOURI PUBLIC SERVICE COMMISSION

Case No. ET-2014-0085

SURREBUTTAL TESTIMONY

OF

MATT MICHELS

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a AmerenUE

St. Louis, Missouri
November 1, 2013

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SURREBUTTAL TESTIMONY

OF

MATT MICHELS

CASE NO. ET-2014-0085

Q. Please state your name and business address.

A. Matt Michels, One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

Q. Are you the same Matt Michels who filed direct testimony in this case?

A. Yes, I am.

INTRODUCTION AND SUMMARY

Q. What is the purpose of your surrebuttal testimony?

A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of Missouri Public Service Commission Staff (Staff) witnesses Claire Eubanks and Mark Oligschlaeger, Office of the Public Counsel (OPC) witness Ryan Kind, and Missouri Solar Energy Industries Association (MOSEIA) witnesses Dr. Ezra Hausman and Dane Glueck. I will also summarize the key issues in this case, including a list of options for the Commission to consider in arriving at its decision.

Q. Please summarize your surrebuttal testimony.

A. The Commission must make three key findings in this case on which to base its decision regarding the suspension of solar rebates. First, it must determine the maximum allowable 10-year cost (or "budget") for Renewable Energy Standard (RES) compliance under the retail rate impact (RRI) limitations set forth in the RES statute and the Commission's RES rules. Second, it must determine that compliance with the requirements

of the RES would cause the costs of RES compliance to exceed that budget. Third, it must determine whether the utility has applied a reasonable approach for limiting the costs of RES compliance to the budget. I will demonstrate that, in spite of the issues raised by other parties in this case, Ameren Missouri has presented an appropriate and accurate basis on which to 1) determine the RES compliance budget, 2) find that Ameren Missouri would indeed exceed that budget if solar rebates are not suspended and other RES costs are not scaled back, and 3) determine the cost limits for solar rebates and other RES compliance costs that are allowed by the RRI provisions. In doing so, I will demonstrate that the issues raised by the other parties have little or no effect on the amount of rebates that can be paid to customers using a fair and objective approach to allocating the RES compliance budget. My testimony is organized as follows:

1. Introduction and Summary
2. Ameren Missouri's 10-year RES Compliance Budget
3. Unconstrained RES Portfolio Costs Exceed the 1% Budget
4. Ameren Missouri's Objective Approach to Scaling Costs
5. The Need for Specific Limits on Solar Rebates
6. IRP Interaction with RES Compliance
7. Conclusions and Recommendations

Q. Please summarize the positions of the parties related to the calculations used to determine the amount available for solar rebates.

A. The positions of the parties are summarized in the table below. The table includes positions for the values of inputs to the non-renewable ("Baseline") and RES-compliant ("Unconstrained RES") portfolios and outputs in the form of unconstrained total

costs, budget under the RRI limitation, wind costs and solar rebates. Those items on which there is disagreement between a party and the Company are highlighted in red. As the table shows, there is a high level of agreement on most issues, and only slight differences on some issues. My surrebuttal testimony will address each of the differences shown here and demonstrate that solar rebates must be limited in 2013 to comply with the 1% RRI limitation.

Table 1 – RRI Position Comparison (Million Dollars, 10-Year Total)**

	Ameren Missouri Direct	Ameren Missouri Surrebuttal	Ameren Missouri Sensitivity†	MOSEIA	Staff**
Unconstrained Costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
RRI Budget	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Solar Rebates	$18.8	**$23.3**	$23.4	Unlimited	Commission
New Wind	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Expand Landfill Gas	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Utility-Scale Solar	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Pioneer Prairie RECs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Existing Landfill Gas	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]**

OPC was excluded from this analysis based on Mr. Kind's position that the underlying analysis is fatally flawed
*Includes administrative costs, Ameren Missouri's GOB solar, and third-party SRECs
†Reflects exclusion of Keokuk and Pioneer Prairie from Baseline (i.e., non-renewable portfolio)
**Staff indicates that scaling is a policy decision for the Commission

AMEREN MISSOURI'S 10-YEAR RES COMPLIANCE BUDGET

Q. Please describe how Ameren Missouri has determined the maximum RES compliance costs allowed under the RES statute and rules.

A. As explained in my direct testimony, Ameren Missouri has made a comparison of the 10-year revenue requirement, from 2013 through 2022, of two different portfolios – a "Baseline" portfolio and an "Unconstrained RES portfolio." The Baseline portfolio was created by adding only non-renewable resources to the Company's existing generation and purchased power portfolio to meet future resource needs. The Unconstrained RES portfolio was created by adding renewable resources and solar rebates to the Company's

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existing generation and purchased power portfolio to comply with the provisions of the RES without consideration of the RRI. The cost of the Unconstrained RES portfolio was determined to be in excess of 1% greater than the cost of the Baseline portfolio. The maximum allowable costs for RES compliance for the period 2013-2022 was determined to be approximately ** ** million, which is 1% of the total revenue requirement for the Baseline portfolio.

Q. Has any party objected to the approach used by Ameren Missouri for determining the budget for RES compliance costs?

A. Generally, there appears to be a great deal of agreement with the RRI calculation methodology used by Ameren Missouri. Ms. Eubanks' rebuttal testimony points out that Ameren Missouri modified its RRI model to address Staff's previous concerns that had been expressed in the Company's RES Compliance Plan, filed in May of this year.[1] While parties have expressed concerns with the inclusion of costs for certain resources in the Baseline and Unconstrained RES portfolios, no party has objected to the mechanics of the calculation. Said another way, the concerns raised in this case are with some of the inputs, not with the formula for determining the budget for RES compliance costs. However, as I will demonstrate, the changes in the input assumptions at issue have only a small effect on the total amount available for solar rebates.

Q. To which inputs have other parties objected?

A. Staff has objected to the inclusion of the costs associated with the Company's Keokuk hydroelectric facility and its Pioneer Prairie wind purchased power agreement (PPA) in the Baseline portfolio. Staff, OPC, and MOSEIA have objected to the inclusion of costs

[1] File No. EO-2013-0503, Staff's Response to Order Directing Filing, July 10, 2013.

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for the Pioneer Prairie wind PPA as RES-compliance costs in the Unconstrained RES portfolio. MOSEIA has also objected to inclusion of a portion of the costs of the Company's Maryland Heights Renewable Energy Center as RES compliance costs in the RES-compliant portfolio.

Q. Which of these inputs may have an effect on the determination of the budget for RES compliance costs?

A. Inclusion of Pioneer Prairie and Keokuk in the Baseline are the only two inputs mentioned above that would affect the determination of the budget for RES compliance costs. Because the cost limitation is 1% of the Baseline, any changes in the Baseline will result in changes in the budget for RES compliance costs but only to the extent of 1% of the amount of any change.

Q. Are both of these resources considered to be renewable resources for purposes of the RES?

A. Yes.

Q. If they are renewable resources, why did Ameren Missouri include them in the Baseline portfolio?

A. The Commission's RES rules specifically provide for how the Baseline portfolio is to be created for purposes of the RRI comparison. 4 CSR 240-20.100(5)(B) provides that, "The non-renewable generation and purchased power portfolio shall be determined by adding to the utility's existing generation and purchased power resource portfolio additional non-renewable resources sufficient to meet the utility's needs on a least-cost basis for the next ten (10) years" (emphasis added). These resources are already a part of the Company's "existing generation and purchased power resource portfolio" and are

therefore included in the starting point used for development of the Baseline (i.e., "non-renewable") portfolio.

Q. Mr. Oligschlaeger testifies that the Commission's order of rulemaking for the RES indicates that the Baseline portfolio is a hypothetical portfolio which reflects the assumption that electricity comes from "entirely non-renewable resources." How can this be reconciled to the language in the rule regarding how the non-renewable portfolio is to be developed?

A. It can't be. Nothing in the rule itself indicates a need to remove renewable resources from the utility's "existing generation and purchased power resource portfolio." In fact, the opening sentence of (5)(B) states that, "The RES retail rate impact shall be determined by subtracting the total retail revenue requirement incorporating an incremental non-renewable generation and purchased power portfolio from the total retail revenue requirement including an incremental RES-compliant generation and purchased power portfolio" (emphasis added). The use of the word "incremental" indicates to me that it is in addition to the utility's "existing generation and purchased power resource portfolio" and that only this "incremental" portfolio must consist of entirely non-renewable resources when developing the Baseline portfolio. It is not clear from the Order of Rulemaking by which the Commission adopted the RES rule whether Mr. Oligschlaeger's quote regarding the hypothetical portfolio consisting of "entirely non-renewable resources" is an explanation of the Commission's decision regarding the rules or whether it is simply a quote from Mr. Oligschlaeger with respect to the fact that the 1% limitation does not necessarily equate to a 1% increase in actual rates. From the context of the discussion in the Order of Rulemaking, it appears to be the latter.

Q. If the Commission determines that renewable generation resources in Ameren Missouri's existing generation and purchased power portfolio must be removed prior to adding additional non-renewable resources in the development of the Baseline portfolio, what effect would that have on the revenue requirement of the Baseline portfolio?

A. The revenue requirement for the Baseline portfolio would be increased by approximately ** ** million. This reflects a decrease in the revenue requirement of approximately ** ** million for the removal of Pioneer Prairie and an increase of approximately ** ** million for the removal of Keokuk.[2]

Q. Ms. Eubanks indicates that the revenue requirement for Pioneer Prairie to be removed from the Baseline portfolio revenue requirement is ** ** million. Why are you saying it is ** ** million?

A. A portion of the response to the data request cited by Ms. Eubanks, Staff Data Request 0002, was predicated upon the Company's position in direct testimony that the REC costs for Pioneer Prairie are to be treated as RES compliance costs for purposes of calculating the RRI. As I discuss later in my surrebuttal testimony, the Company has changed its position on Pioneer Prairie. As a result, the entire revenue requirement for Pioneer Prairie, or ** ** million, would be excluded from the Baseline revenue requirement if Pioneer Prairie is to be removed from the Baseline portfolio. This amount was included in the Company's response to Staff Data Request 0006. Both data request responses are attached hereto as Schedule MM-S1.

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[2] The removal of Keokuk results in an increase in the revenue requirement because the energy and capacity value of Keokuk is greater than the costs associated with it over the 10-year period.

Q. Ms. Eubanks notes that the exclusion of renewable resources may result in the need to add non-renewable resources to ensure Ameren Missouri's need for resources is met. Is it necessary to add non-renewable resources to the Baseline portfolio if Keokuk and Pioneer Prairie are removed?

A. No. Ameren Missouri has not included any capacity value for Pioneer Prairie in its planning. The capacity of the Keokuk Energy Center is included in our resource planning at 150 MW. In February 2013, Ameren Missouri filed a notice[3] with the Commission regarding changes to its preferred resource plan. Included in that filing was an updated capacity position table which showed that Ameren Missouri expected to have resources in excess of its load and reserve margin requirements. The excess capacity was no less than 669 MW in any year during the 10-year RES averaging period of 2013-2022. Therefore, exclusion of 150 MW of capacity for existing renewable resources would not result in a shortage of capacity that would need to be met through the addition of non-renewable resources.

Q. What would the resultant effect be on the budget for RES compliance costs if the costs of Keokuk and Pioneer Prairie were removed?

A. The effect is minor. The budget for RES compliance costs under the 1% RRI limitation would increase by 1% of ** [redacted] ** million, or approximately ** [redacted] ** million. The total budget amount available would thus increase from approximately ** [redacted] ** million to approximately ** [redacted] ** million.

Q. If the RES compliance budget increases when excluding existing renewables from the Baseline portfolio, doesn't the amount available for solar rebates

[3] File No. EO-2013-0392, Notice of Change in Preferred Plan, February 8, 2013.

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also increase?

A. It does increase, although not significantly. Approximately 6% of uncommitted costs (that is costs in the Unconstrained RES portfolio that are not for resources already owned or under contract or related to specific projects) over the 10-year planning horizon are related to solar rebates. Therefore, if the 10-year RES budget increased by ** ** million then the additional amount available for solar rebates would be approximately $160,000. I discuss the scaling used to constrain RES compliance costs included in the RRI calculation to 1% later in my surrebuttal testimony.

Q. What do you conclude about the revenue requirement for Ameren Missouri's Baseline portfolio and the amount available for RES compliance costs during 2013-2022?

A. By the strict wording of the rules, Ameren Missouri has correctly assessed the revenue requirement for the Baseline portfolio. If, however, the Commission finds that Keokuk and Pioneer Prairie costs should be removed from the Baseline revenue requirement, there would be a small change in the amount available for RES compliance costs. Therefore, the amount available for RES compliance costs during the 10-year period is either ** ** million, as the Company has determined, or ** ** million if Keokuk and Pioneer Prairie are excluded from the Baseline portfolio. As noted, this has only a small impact on the availability of funds for solar rebates and doesn't change the fact that Ameren Missouri expects to exceed the RRI limitation unless solar rebate payments are suspended.

UNCONSTRAINED RES PORTFOLIO COSTS EXCEED THE 1% BUDGET

Q. How did Ameren Missouri determine the revenue requirement for the Unconstrained RES portfolio?

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A. Ameren Missouri developed an Excel model to add new renewable resources needed to meet the RES portfolio requirements and added the costs of those resources to the costs for its existing generation and purchased power resource portfolio. The model determined the amount of renewable generation, both total renewable generation and solar renewable generation, needed to meet the portfolio requirements based on forecast sales. A forecast of solar rebates and specific renewable projects were entered into the model as inputs. The model then determined the amounts of additional solar and non-solar resources needed to provide the required amounts of renewable generation.

Q. Have any parties objected to the way the model determines the amounts of new solar and non-solar resources needed to produce the required amounts of renewable generation needed to meet the portfolio requirement?

A. No.

Q. Dr. Hausman objects to the inclusion of <u>any</u> future wind costs in the Unconstrained RES portfolio used for calculating the RRI. Isn't that an objection to the model approach you describe?

A. I don't think so. It is simply an objection to including <u>any</u> estimated future costs for renewable resources. This objection is not supported in any way by the Commission's rules and, if implemented, would defeat the purpose of the regulations requiring utilities to calculate the cost of the Unconstrained RES portfolio for the next ten years as part of the RRI calculation. One cannot very well calculate the cost of an Unconstrained RES portfolio over the next ten years if one refuses to estimate what the future costs of renewable resources will be, and since we are talking about the future, costs must consist of estimates.

Q. Mr. Kind expresses a concern with using the model results as a basis for calculating the RRI. Is his concern valid?

A. No. The concern that Mr. Kind voices in his rebuttal testimony appears to be a smokescreen designed to create unnecessary confusion and imply that it is not possible to calculate the RRI for this case. I will address this concern in greater detail later in my surrebuttal testimony.

Q. What did Ameren Missouri determine is the total RES compliance cost for the Unconstrained RES portfolio?

A. The total unconstrained (i.e., ignoring any limit) RES compliance cost for 2013-2022 was determined to be ** [redacted] ** billion. This is far greater than the ** [redacted] ** million available for RES compliance costs during that time.

Q. Have any parties taken issue with the costs included in the Unconstrained RES portfolio?

A. Yes. As I mentioned previously, Staff, OPC and MOSEIA object to the inclusion of costs associated with Pioneer Prairie, and MOSEIA objects to the inclusion of all but a small portion of the costs for the Maryland Heights facility.

Q. What reason has been given by others for the objections to including costs for Pioneer Prairie?

A. The Pioneer Prairie wind PPA was signed by Ameren Missouri in 2009. Because the RES rules went into effect after that date and because the rules provide that costs for resources owned or under contract prior to the effective date of the rules are to be ignored when calculating the RRI, the parties contend that Pioneer Prairie costs should not be included in the calculation of the RRI.

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Q. Did Ameren Missouri request a waiver from this provision of the rules in order to include costs associated with Pioneer Prairie in the determination of the RRI?

A. Yes. The Company included a request for waiver in its application in this case.

Q. Has the Company reconsidered its position with respect to Pioneer Prairie?

A. Yes. While the RECs associated with Pioneer Prairie are retired and expensed from inventory solely for the purpose of meeting the RES portfolio requirement, they should not be included in the determination of the RRI. I have come to this conclusion after reviewing the testimony of Ms. Eubanks, who correctly notes that prior to the passage of the RES statute, the Company had made a commitment to add wind resources.

Q. Have you reconsidered the statement you made on page 16 of your direct testimony regarding the need to ensure that any cost that is a RES compliance cost must be included in the calculation of the RRI?

A. Yes. I had previously stated that RES compliance costs and the costs that count against the RRI must be the same, but I made that statement without a careful review of the RES rule's language. After reviewing the language of the Commission's RES rules, I no longer believe that to be true. The RRI limitation is clearly intended to limit increases in rates due only to costs incurred for new renewable energy resources built or acquired to comply with the RES. The definition of RES compliance costs does not contain the date limitation, leading me to believe that the RRI limit is not intended to limit recovery of costs for renewable energy resources already owned or under contract by the utility before the RES rule became effective.

Q. Should the entire amount of the costs for Pioneer Prairie be considered RES compliance costs?

A. No. Only the portion allocated to RECs is a RES compliance cost. For accounting reasons, a REC associated with purchased power is treated differently than is the energy. RECs are left in an inventory account until the REC is retired. There is no such delay with the portion of the cost that is energy, as it is consumed shortly after it is generated. My understanding is that the accounting rules require that RECs not created by a Company-owned resource, unlike RECs generated by a Company-owned resource like Keokuk, must have a value assigned to them if they are expected to have value for some purpose. The RECs generated by Pioneer Prairie were determined to have value for such a purpose once the Commission finalized the RES rules during 2010. Since January 1, 2011, the REC portion of the Pioneer Prairie costs has been recorded to a REC bank for purposes of complying with the RES. They are expensed at the time they are retired for RES compliance. Because the RECs are retired in order to satisfy a part of the portfolio requirements in the RES, the cost of the retired RECs are directly related to RES compliance and the REC costs for the retired RECs are therefore a RES compliance cost.

Q. Would a value be assigned to RECs associated with Pioneer Prairie if not for the RES?

A. No. The REC value for Pioneer Prairie was split from the energy cost component of the contract only because of the existence of the RES. If not for the RES, the REC value would not have been split out as it would not be determined to have value for a specific purpose. It is therefore a RES compliance cost, even though it is not eligible for inclusion in the calculation of the RRI.

Q. If the Pioneer Prairie REC costs are excluded from the cost of the Unconstrained RES portfolio for purposes of determining the RRI, what is the impact on the costs represented in that portfolio?

A. The cost of Pioneer Prairie RECs included in the Unconstrained RES portfolio total approximately ** ** million. Removing those costs would result in RES compliance costs for the Unconstrained RES portfolio that are lower by that amount, resulting in total unconstrained costs of about ** ** billion. This is still far above the budget limit of ** ** million.

Q. How would the exclusion of Pioneer Prairie REC costs change the amount of funds available for solar rebates?

A. As I noted earlier, solar rebates make up about 6% of the uncommitted costs of RES compliance. Therefore, a reduction of ** ** million in costs from the Constrained RES portfolio would mean an increase of about $4.4 million for solar rebates or a total of $23.3 million as opposed to $18.9 million. Even with this increase in funds for rebates, Ameren Missouri's forecast rebate payments for 2013 far exceed that limit.

Q. Is Ameren Missouri still seeking a waiver related to the treatment of Pioneer Prairie?

A. No. As noted, Ameren Missouri is withdrawing its request for a waiver regarding the treatment of Pioneer Prairie costs for purposes of the RRI determination.

Q. What is the basis provided by Dr. Hausman for his suggestion to exclude certain costs associated with the Company's Maryland Heights landfill gas generation facility?

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A. Dr. Hausman makes the illogical recommendation that the Commission count less than the entire actual costs of Maryland Heights, a resource that was developed for compliance with the RES and placed in service after the effective date of the rules, against the RRI limitation. Instead, he recommends the Commission assign a value equal to the REC cost found in the Company's Pure Power program.

Q. Is Dr. Hausman's argument that the costs of the Maryland Heights facility are imprudently incurred?

A. He claims that he is not challenging the prudency of the investment because he didn't complete the required analysis to support such a claim. But, while Dr. Hausman does not go so far as to argue that the costs of the Maryland Heights facility are imprudent, he does say that the costs are not a "prudently incurred cost" as that phrase is used in the Commission's RES rules. He appears to be attempting to create a distinction (a prudent investment but not a prudently incurred cost) that does not exist. Ameren Missouri entered into the project because it was found to be a cost-effective renewable resource in its Integrated Resource Plan (IRP) analysis. The full costs (the capital investment and operations and maintenance costs) associated with Maryland Heights have been included in rates approved by the Commission in File No. ER-2012-0166. When the Commission includes the full cost of a facility in determining the revenue requirement in a rate case (meaning the utility is earning a return on the capital asset and recovering its investment through depreciation expense used to set rates) all of the costs are, by definition, prudently incurred. Otherwise the Commission would not have recognized them in setting rates. Dr. Hausman’s unilateral pronouncement that some part of the costs are not "prudently

incurred" cannot be read as any type of real challenge to the prudency of these costs, nor can it convert prudently incurred costs into imprudently incurred costs.

Q. What basis does Dr. Hausman provide for recommending that the true cost of Maryland Heights be ignored and that an unrepresentative and much lower value be used instead?

A. Dr. Hausman doesn't provide any basis in either the statute or in the Commission's regulations. He merely states that the cost of the Maryland Heights facility is higher than the cost at which RECs can be purchased. Dr. Hausman doesn't deny that Maryland Heights is used to comply with the RES. He doesn't deny that the costs shown by Ameren Missouri for Maryland Heights are the actual costs the Company incurred. He merely asks the Commission, without any basis in the statute or regulations, to adopt a position that would mislead the general public about the true cost of renewable generation used to comply with the RES. This approach only makes sense if one is looking to artificially reduce costs that count against the RRI limitation and attempt to force the Company to continue paying solar rebates. While it is possible to understand the motivation behind Dr. Hausman's unique recommendation made on behalf of the solar industry that stands to benefit from it, it is not consistent with the Commission's rules and should be ignored. Otherwise, the vast majority of customers, who do not receive solar rebates but pay for them in their rates, will simply pay more.

Q. Ms. Eubanks contends that the RRI calculation must make special consideration of the inclusion of the utility scale solar project included in the Company's Unconstrained RES portfolio. What does she say the Company must do?

A. Ms. Eubanks cites a recent change in the law, HB-142 (codified at Section 393.1030.2(1) RSMo), and suggests that the law requires that Ameren Missouri pay additional solar rebates in an amount equal to the revenue requirement of the utility scale solar project, or ** [redacted] ** million.

Q. Do you agree with her assessment of what the law requires?

A. No. While neither Ms. Eubanks nor I are lawyers, a plain reading of the language of the statute indicates that the statute requires that solar rebate payments be modified only if a utility-owned solar project causes RES compliance costs to exceed the 1% RRI limitation. The statutory provision reads in relevant part as follows:

> …until June 30, 2020, ***if*** **the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, *then* additional solar rebates shall be paid** and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility[4] (emphasis added).

Ms. Eubanks applies the second clause of the above-quoted provision ("***then*** additional solar rebates shall be paid" (emphasis added)) but ignores the fact that the first part ("***if*** the maximum . . . would be less than or equal to" (emphasis added)) is not triggered because the budget would not be reached if the utility-owned solar is ignored. Put another way, the condition stated in the first part is not satisfied, meaning we never apply the second part. That the condition is not satisfied is readily seen by recognizing that the RES compliance costs for the Unconstrained RES portfolio, excluding Pioneer Prairie REC costs,

[4] Section 393.1030.2(1), emphasis added.

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are ** ** billion, which is more than ** ** billion higher than the budget allowed under the RRI limitation. Ignoring the ** ** million in costs associated with the utility-owned solar project does not cause the unconstrained RES compliance costs to be less than or equal to one percent.

Q. What do you conclude about the likelihood that RES compliance costs for Ameren Missouri's Unconstrained RES portfolio will exceed the 1% RRI limitation?

A. Excluding the costs for Pioneer Prairie, the RES compliance costs reflected in Ameren Missouri's Unconstrained RES portfolio are ** ** billion. This is more than ** ** higher than the budget of ** ** million. It is clear that the costs of Ameren Missouri's Unconstrained RES portfolio are far in excess of the 1% maximum allowed by law and must therefore be scaled back to comply with the RRI limitation. This also directly refutes the assertion made by MOSEIA's witness, Mr. Glueck, that the inclusion of Pioneer Prairie is a driving factor in determining whether Ameren Missouri has reached the 1% RRI limitation. To the contrary, regardless of the treatment of Pioneer Prairie, costs will far exceed the 1% limitation.

AMEREN MISSOURI'S OBJECTIVE APPROACH TO SCALING COSTS

Q. Please describe how Ameren Missouri scaled back its Unconstrained RES portfolio to comply with the 1% RRI limitation.

A. I described a two-step process in my direct testimony. Because of the issues raised by other parties, it is important to elaborate. Ameren Missouri started with the Excel model used to determine the Unconstrained RES portfolio. The costs were divided into categories – 1) costs for resources already owned or under contract and discrete planned projects, 2) costs for solar rebates, and 3) costs for new wind and solar resources not

explicitly planned. The costs for Category 1 (** [redacted] ** million) were set aside as costs not subject to scaling because the costs are already being incurred and cannot change, or in the case of planned projects because the size is pre-determined or the planning has reached a stage at which it would be counter-productive to change the specifications. The costs in Categories 2 (** [redacted] ** million) and 3 (** [redacted] ** million) were then analyzed for scaling. Percentages of the total to be scaled were calculated for each category by taking the amount for each category and dividing by the sum of the two categories. This yielded a percentage of unconstrained costs for solar rebates and a percentage for wind costs. These percentages were then applied to an amount equal to the remaining funds available for RES costs under the RRI budget. These "Funds for Scaling" were calculated by taking the maximum allowable cost (** [redacted] ** million for the calculation performed by Ameren Missouri) and subtracting the Category 1 costs (i.e., costs for resources owned or under contract and discrete planned projects). Applying the percentage to the Funds for Scaling yields constrained amounts for solar rebates and wind costs. The constrained amounts are generally shown in the years in which the unconstrained amounts appeared in the model with the exception of solar rebates. The total 10-year constrained amount for solar rebates was shown all in the first year, 2013. That is, they have been "front-end loaded." The tables below highlight the key steps in the calculation.

	Million Dollars (10-Year Total)
RRI Budget	** [redacted]
"Category 1" Discrete/Existing Projects	[redacted]
Funds For Scaling	[redacted] **

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	Solar Rebates	New Wind	Total
"Category 2 & 3" Unconstrained Cost	** [redacted]	[redacted]	[redacted]
Percent of Total Unconstrained Cost	[redacted]	[redacted]	
Constrained Cost	**$23.3**	[redacted]	[redacted] **

Q. Please describe your understanding of Staff's position on scaling.

A. Ms. Eubanks indicates that Staff has no opinion regarding how costs in the Unconstrained RES portfolio should be scaled to comply with the 1% RRI limitation and that this is a policy decision that is best left to the Commission.

Q. Ms. Eubanks cites portions of the RES statute and rules that include the term "least cost." Please explain what is meant by the passages she cites.

A. Ms. Eubanks cites two sections of the rule – one pertaining to the 3-year compliance plans filed annually pursuant to Section 7 and another pertaining to the development of the Unconstrained RES portfolio used in the RRI calculation pursuant to Section 5. Regarding the 3-year compliance plans, she specifically cites 4 CSR 240-20.100(7)(B)1.E, which requires that utilities submit, "a detailed analysis providing information necessary to verify that the RES compliance plan is the least cost, prudent methodology to achieve compliance with the RES." The analysis described is primarily the analysis of the RRI and its component parts, including the development of the Unconstrained RES portfolio. The Unconstrained RES portfolio is referenced in her second citation, 393.1030.2(1).

Q. Has Ameren Missouri included least cost options in its Unconstrained RES portfolio used in determining the RRI?

A. Yes. There are three main requirements that must be met by the Unconstrained RES portfolio – 1) the solar energy portfolio requirement, 2) the renewable

energy portfolio requirement, and 3) payment of solar rebate subsidies. Ameren Missouri has included solar resources to meet the solar energy portfolio requirement, which can be met only by solar resources. Wind resources have been included as least-cost resources to meet the renewable energy portfolio requirement in addition to an expansion of our landfill gas generating facility, which has shown to be cost competitive with wind resources. Finally, the least-cost and only method of complying with the requirement for rebates is the payment of rebates.

Q. Do the RES rules mention considerations of "least cost" with respect to the scaling that is to be performed if the Unconstrained RES portfolio exceeds the 1% RRI limitation?

A. No. The only requirement specified with respect to scaling is that the resultant portfolio include at least 2% of solar energy relative to total renewable energy.

Q. Why is that requirement included in the rules?

A. Solar resources are generally more costly than other renewable resources. This provision prevents the scaling from resulting in a disproportionate reduction of solar resources relative to other less costly renewable resources.

Q. Ms. Eubanks suggests that one factor that could be considered in the scaling is the cost per REC of the resources. Is this a possibility?

A. The rules would not necessarily prohibit this approach, other than the constraint I mentioned previously regarding the scaling of solar resources. In spite of the fact that such an approach is not explicitly prohibited, I do not believe that the scaling should be performed in a manner that disproportionately limits the ability of the utility to meet one

requirement, solar rebates, of the RES to the benefit of others, non-solar resources. The provision regarding the scaling of solar resources clearly embodies this philosophy.

Q. The newly effective Section 393.1030.3 creates a connection between the payment of solar rebates to customers and the surrender of the associated Solar RECs (SRECs) to the utility. Doesn't this connection mean that the cost of the SRECs surrendered to the utility is the cost of the rebate?

A. No. The solar rebate has been and continues to be primarily a subsidy to customers installing solar systems. The surrender of the SRECs is a condition of receiving a rebate, but is secondary in nature to the subsidy. Any SRECs received as a result of paying rebates would likely be accounted for at the market cost for SRECs at the time they are acquired. Ameren Missouri has acquired SRECs as recently as this year at a cost of less than ** ** per SREC, which is far less than if the entire cost of the rebates that are paid were considered to be the cost of the SRECs acquired.

Q. Given that the RES includes the three distinct requirements you mentioned above, what is the most objective way of determining how the scaling should be performed?

A. The most objective way to perform the scaling is to retain the cost share percentages of new compliance costs by scaling costs by the same proportion. This is what Ameren Missouri has done.

Q. Has any other party suggested an alternative approach to the scaling?

A. Dr. Hausman suggests that future wind costs not be considered until such time as they are actually incurred. This is inconsistent with the rules that require the development of an Unconstrained RES portfolio that meets the requirements of the RES over a ten-year

period with renewable generation resources. Dr. Hausman provides no basis for ignoring this requirement of the rules. We simply cannot comply with the rule and, at the same time, ignore future wind costs. No other party has suggested an alternative approach to scaling.

Q. Ms. Eubanks asserts that Ameren Missouri will not exceed the 1% RRI limitation in 2013 if the Pioneer Prairie costs are excluded from the Unconstrained RES portfolio. Is that correct?

A. No. The comparison of the Baseline and Unconstrained RES portfolios must be made for the entire 10-year averaging period. Mr. Oligschlaeger discusses the difference between an annual application of the RRI limitation and an application based on a multi-year average. He correctly points out that the Commission adopted an approach using a 10-year average and that Ameren Missouri has correctly applied this approach. Therefore, the elimination of the costs for Pioneer Prairie from the Unconstrained RES portfolio must be considered prior to the scaling to meet the 1% RRI limitation. Because that scaling results in only 6% of uncommitted costs being allocated to rebates, the ** ** million reduction in costs from Pioneer Prairie results in only an additional $4.4 million of cost allocated to rebates. As discussed further below, an additional $4.4 million of headroom for solar rebates is still insufficient for the Company to avoid exceeding the RRI limit unless solar rebates are suspended.

Q. Ms. Eubanks points out that in your direct testimony you advocated for an annual limitation. Isn't that inconsistent with the rules?

A. Not at all. The scaling that must be performed to limit the RRI of the Unconstrained RES portfolio to 1% must be applied for the full 10-year averaging period. Once that has been done, it is equally important that a resultant limit be placed on the current

year's compliance costs. If a limit is never set on the current year's compliance costs, then the 1% RRI limitation has no meaning or effect. I elaborate on the need for a specific limit for the current year in the next section of my surrebuttal testimony.

Q. Ms. Eubanks asserts that the Commission does not need to make a finding regarding whether Ameren Missouri has used an appropriate method to perform the scaling. Is that true?

A. No. Making such a finding is critical in determining whether the limit placed on solar rebates is appropriate. Without reaching a conclusion with respect to scaling, it would be impossible to make a determination of the limit for solar rebates because the scaling determines the amounts available for solar rebates and future resource acquisition, primarily wind resources.

Q. MOSEIA calls for amortization of solar rebate costs as it has in other recent cases involving the RRI limitation of solar rebates? How do you respond?

A. As I have testified in other cases on this matter, amortization is an accounting and cost recovery decision that is not relevant to the determination of the RRI. Decisions regarding accounting for cost recovery should be made in the context of a rate case. The assets installed by customers are not capital investments of the utility. The utility does not make the investment decision and has no obligation for operation, maintenance, or any other liabilities or responsibilities associated with ownership of the assets. The utility earns no return on the asset and recovers no depreciation expense for it. To the utility, the rebates are an expense for a subsidy payment required by the law. As they are not assets of the utility, there is no basis for treating them as such. The Commission has already ruled on this very issue in a prior Ameren Missouri case. In that rate case, an argument had been advanced that

the cost of solar rebates should be amortized over ten years to reflect the minimum expected life of the installed solar equipment. The Commission found, "Ameren Missouri does not own or operate the solar equipment for which it is required to pay a rebate. That equipment is the property of the customer who has sole control and responsibility for them and will primarily benefit from the use of the equipment. Thus, to Ameren Missouri, payment of the solar rebate is simply an expense[5] imposed upon it by the statute."[6]

Q. If amortization were considered as a means of accounting for the cost of solar rebates for the RRI, what effect would that have on the limit for solar rebates under Ameren Missouri's calculation?

A. It would have virtually no impact. The RRI calculation is performed over a 10-year period. Whether costs are incurred in one year or over ten years, they will count against the budget available for RES compliance costs under the RRI limitation. Some parties may even argue that the carrying costs associated with amortization of rebates would be an additional cost that must be subject to the 1% limitation, thus reducing the amount available for actual solar rebate payments.

Q. MOSEIA also calls for "front-end loading" of solar rebates. Does Ameren Missouri agree with this approach?

A. Not only does Ameren Missouri agree with the approach, this is exactly what Ameren Missouri has done. The amount for solar rebates shown for 2013, now $23.3 million, is the entire amount of solar rebates available under the 10-year average RRI limitation after scaling.

[5] Ameren Missouri recognizes that the recent statutory change will change this fact slightly, as is discussed later in my testimony. That does not, however, negate the point of the Commission's finding in the cited case.
[6] File No. ER-2011-0028, Report and Order, July 13, 2011, p. 98.

Q. MOSEIA notes that Missouri utilities have made statements in the past regarding the 1% RRI limitation and the expectation that it would not be exceeded. How do you respond?

A. I can only speak on behalf of Ameren Missouri. All statements made by Ameren Missouri executives and representatives regarding the 1% limit were accurate based on the known facts at the time they were made. The rapid increase in the demand for solar rebates was not foreseen. Changes in the interpretation of how the 1% RRI limitation is to be calculated have also resulted in a change in circumstances that could not be foreseen. While the Company understands the confusion the process can create for customers, developers and all parties involved, there is nothing that could have been done to avoid the confluence of circumstances that have led to the need to enforce the ratepayer protections in the RES statute and constrain spending on solar rebates this year.

Q. Mr. Oligschlaeger indicates that Staff is willing to consider the carry-over provision you proposed in your direct testimony, but that a decision on that proposal is best left to the rulemaking process. Do you agree?

A. I agree. I am also encouraged to hear that Staff is willing to consider this kind of simple change to the rules to ensure that a 1% RRI limitation can indeed limit the cost impact of complying with the RES to 1% as embodied in the RES statute.

Q. You mentioned in your direct testimony that another $12 million could be available when the RRI limitation is calculated next year for 2014-2023 and another $4 million when it is calculated in 2015. Why can't these amounts also be included in the limit for this year?

A. Those amounts are related to future calculations of the RRI and are a direct result of the fact that the Commission's rules do not consider what actual costs have already been incurred in prior years. The calculation that must be used for 2013 includes the years 2013-2022 and results in a total rebate amount of $23.3 million. The fact that future calculations may show money available for solar rebates is irrelevant to the calculation that has to be performed this year under the Commission's rules.

Q. Would the 2014 and 2015 RRI calculation results be different with the exclusion of Pioneer Prairie from the RRI calculation?

A. Yes. The value for limited solar rebates that would result from the RRI calculation for 2014-2023 using the current assumptions would be $14.9 million. The value for the RRI calculation for 2015-2024 would be $4.3 million. As I've noted, these values are for the entire 10-year averaging period and could be front-end loaded in those RRI calculation periods as MOSEIA suggests and as the Company has assumed for the 2013-2022 RRI calculation period. As I've also noted, these values are associated with future calculations and could not be pulled into the 2013-2022 RRI calculation period.

THE NEED FOR SPECIFIC LIMITS ON SOLAR REBATES

Q. Is it important to determine a specific limit for RES compliance costs and solar rebates for at least the current year?

A. Yes. The utility must make decisions regarding the costs it incurs for compliance with the RES. At this time, the most volatile cost is that for solar rebates. Without a specific limit on solar rebates, there is no way to ensure that costs will not exceed the 1% RRI limitation. Put another way, if the Commission does not determine what the limit is in this case, we may later learn, at such time as the Commission decides how the limit

is to be determined, that we actually paid too many solar rebates and thus charged customers for RES compliance costs in excess of the statutory 1% RRI limit. The Commission must take action to ensure that the ratepayer protections included in the RES statute and the Commission's rules are adequately and unambiguously enforced.

Q. Is it important for other parties to know what the specific limit is for solar rebates?

A. MOSEIA and other members of the solar industry in Missouri have adamantly claimed that it is as they have emphasized in this case and other filings with the Commission that it is vital to their ability to plan their business to know what amount is available for solar rebates. They point out that the customers to whom they market their products also need some level of assurance regarding whether solar rebates will be available before they make a decision to install a solar system. As I have previously testified, the purpose of the RES is not to act as a planning device for the solar industry, but I can see how a high level of uncertainty about whether solar rebates will be paid, and in what amount, would impact the solar industry.

Q. Does the Commission have all the evidence it needs in this case to determine a specific limit for solar rebates?

A. Yes. Ameren Missouri has shown that the limit for RES compliance costs is ** ** million if Keokuk and Pioneer Prairie are included in the Baseline portfolio or ** ** million if they are excluded from the Baseline. It has also shown that the costs for an Unconstrained RES portfolio would be over ** ** billion and therefore must be scaled back to comply with the 1% RRI limitation. It has also shown that by using an objective approach to scaling costs, one that is consistent with the protections provided for solar costs

in the Commission's current rules, the amount for solar rebates should not exceed $23.3 million. The Company has shown, through the direct testimony of Mr. Wright, that rebate payments are expected to be approximately $31 million in 2013, an amount that no party has challenged. The Commission has all the information it needs on which to base a decision about the limit for solar rebates in 2013 and whether the Company would exceed it if it continued to pay rebates.

Q. Is there a significant chance that the rebate payments, if left unconstrained, could exceed the Company's forecast of $31 million?

A. There is a very real possibility that this could happen. As Mr. Wright explained in his direct testimony, in addition to the $13.5 million in rebates paid through September, another $27.7 million was already in the pipeline and another $25-38 million could be added to that pipeline by the end of the year. By the time this case is decided, we could be faced with total actual and potential payments of $69-80 million. No party has challenged this outlook for potential rebate payments.

Q. Ms. Eubanks states her understanding of the solar rebate limit of $18.8 million included in your direct testimony, indicating that includes approximately ** ** million of operations and maintenance expense. Is this accurate?

A. Ms. Eubanks is correct that ** ** million of the $18.8 million is accounted for as O&M expense. However, she appears to have misunderstood the nature of this O&M expense. The entire $18.8 million is indeed solely for solar rebates. Because the Commission included an amount in base rates for RES compliance costs as part of its order in the Company's last rate case, a portion of solar rebates is accounted for as O&M expense along with certain administrative costs. Once the O&M expense recorded is equal to the

amount in base rates, further RES compliance costs not already recovered in rates are recorded to a regulatory asset for future recovery. Therefore, the O&M distinction is one of rate recovery, not a distinction based on the nature of costs.

Q. Is the entire revised solar rebate amount of $23.3 million only for solar rebates?

A. Yes.

INTERACTION OF IRP AND RES COMPLIANCE

Q. OPC witness Mr. Kind discusses the Company's last IRP and a deficiency found by the Commission as an obstacle that he claims makes it impossible to determine the RRI limitation. Do you agree with his concern?

A. Absolutely not. As I mentioned previously, this appears to be nothing more than a smokescreen designed to create doubt about the Commission's ability to rely on the detailed analysis Ameren Missouri has provided in compliance with the Commission's RES rules.

Q. What is the relationship between the IRP and RES compliance planning?

A. The Commission's RES rules include two requirements with respect to the IRP. First, it requires that the most recent IRP analysis and assumptions are to be used in the RES compliance analyses[7]. Second, it requires that any differences from the utility's IRP preferred plan be documented[8].

Q. Has Ameren Missouri complied with the RES rules related to the IRP?

A. Yes, Ameren Missouri has used the same model and assumptions as its most recent IRP update with the exception that the calculation of the RRI has changed to comply

[7] 4 CSR 240-20.1005(B)
[8] 4 CSR 240-20.1007(B)1.D

with the RES rules, as I mentioned in direct testimony. Also, my direct testimony documented the differences in the preferred plan that would be caused by the change in RRI calculation if the Commission finds that the calculation does comply with the rules.

Q. Has any party claimed Ameren Missouri has not complied with the Commission rules related to these two requirements?

A. No. In fact, Ms. Eubanks concluded that Ameren Missouri's analysis complied with these rules.

Q. Ms. Eubanks mentions that Ameren Missouri may need a waiver from the requirement to "utilize the most recent utility resource planning analysis"[9] due to changes in the amount of wind generation added as a result of the changes in the RRI calculation. Do you agree?

A. If the Commission believes that a waiver is necessary for this purpose then I agree that one should be granted. However, I don't believe it is necessary. The wind generation shown is based on the Company's revised RRI calculation. This calculation has not previously been adjudicated and the Commission, of course, has not yet entered a decision in this case. Because the amount of wind generation ultimately depends on how the RRI limitation is applied, it would be premature to conclude that the changes represented for wind resources amount to departure from IRP analysis that requires relief from the RES rules.

Q. If the Commission finds a utility's IRP to be deficient, does that mean it cannot be used to comply with other Commission rules requiring the use of the IRP analysis?

[9] 4 CSR 240-020.100(5)(B).

A. No. For instance, in Ameren Missouri's 2011 IRP, the Commission specifically determined it was not necessary to immediately remedy the identified deficiencies and directed Ameren Missouri to complete additional analyses sometime before or as part of its 2014 IRP filing. Simply put, Ameren Missouri's 2011 IRP, as updated by the 2012 and 2013 annual updates, represents the most recent comprehensive set of planning assumptions. The RES rule requires that we use the most recent comprehensive set of planning assumptions. We did so.

Q. Did the Commission know at the time of its 2011 IRP decision that other rules, specifically the RES rules, rely upon the IRP analysis?

A. I cannot speak for the Commission, but I must presume that it did and that those additional rule requirements were factored into the Commission's decision to allow Ameren Missouri flexibility on when to remedy its deficiencies.

Q. Are the deficiencies identified by the Commission in Ameren Missouri's previous IRP such that the information is unsuitable for the purpose of determining the RRI limitation?

A. No, they are not. The deficiencies identified by the Commission with respect to wind resource included, 1) assumptions regarding the amount of wind assumed to be installed in a given year, 2) the pairing of gas-fired combustion turbine generator (CTG) units with wind resources for capacity purposes, 3) and cost and performance assumptions for wind resources. The last items related to an agreement with the Missouri Department of Natural Resources to analyze specific aspects of wind cost and performance. Ameren Missouri recently completed a study with Black & Veatch to analyze these cost and performance considerations. In general, the conclusions of the study support the assumptions

made by the Company in its 2011 IRP. Regarding the amount of wind to be installed in a given year, Ameren Missouri has assumed installation of wind resources when needed to comply with the RES in the Unconstrained RES portfolio. Regarding the pairing of CTGs with wind resources, Ameren Missouri has not made such an assumption for purposes of developing its Unconstrained RES portfolio.

Q. Mr. Kind contends that if Ameren Missouri were to re-run its entire IRP analysis that it *may* find that wind resources are economic and that they should therefore be excluded from consideration in determining the RRI for RES compliance. Do you agree?

A. Not at all. As part of the Company's 2012 IRP update, and pursuant to a special contemporary issue ordered by the Commission, Ameren Missouri evaluated the cost impact of adding additional wind resources to comply with a more aggressive renewable energy standard than the current RES. That analysis showed that costs increased significantly. This is consistent with the Company's analysis to date for RES compliance, which has shown that RES compliance costs are constrained by the 1% RRI limitation. There would be no reason to constrain these costs if they did not result in a cost increase. Further, the recent study completed by Black & Veatch shows that the cost and performance assumptions used in Ameren Missouri's 2011 IRP and subsequent IRP analysis are reasonable. There is no reason the Commission cannot rely on the results of prior IRP analysis for purposes of making a decision in this case.

Q. Did OPC file any comments in Ameren Missouri's 2012 or 2013 IRP Annual Update cases or in Ameren Missouri's 2012 or 2013 RES compliance plan cases regarding the issue raised by Mr. Kind in this case?

A. No. In fact, OPC filed no comments at all in any of those cases.[10] Nor did OPC raise this issue when the Company filed to change its preferred plan in February of this year.[11]

Q. Is Ameren Missouri planning to comply with the Commission order to remedy its deficiencies as part of or before the filing of its 2014 IRP?

A. Yes.

CONCLUSIONS AND RECOMMENDATIONS

Q. Please summarize the key conclusions you have reached.

A. Ameren Missouri has shown that the budget for RES compliance costs must be limited to ** ** million (and if Keokuk and Pioneer Prairie are excluded from the Baseline, no more than ** ** million), that costs for its Unconstrained RES portfolio would be over ** ** billion and therefore must be scaled back, and that scaling back compliance costs using an objective approach that is consistent with the rules results in approximately $23.3 million available for solar rebates.

Q. Have you revised Schedule MM-1 attached to your direct testimony to reflect these conclusions?

A. Yes. Schedule MM-S2, attached to this testimony, is the revision to Schedule MM-1 and reflects the changes and conclusions discussed in my surrebuttal testimony.

Q. What do you recommend the Commission decide in this case?

A. I recommend that the Commission decide that Ameren Missouri has correctly calculated the RRI limitation, that Ameren Missouri's RES compliance costs would exceed

[10] File Nos. EO-2012-0039, EO-2013-0424 (IRP annual updates), EO-2012-0351 (2012 RES Compliance Plan) and EO-2013-0503 (2013 RES Compliance Plan).
[11] File No. EO-2013-0392.

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the 1% RRI limitation and that to comply with that limitation Ameren Missouri must scale back RES compliance costs based on a percentage share of dollars available, resulting in a limit for solar rebates in 2013 of $23.3 million. I further recommend that the Commission approve a compliance tariff filing consisting of the revised solar rebate tariff as amended to reflect the above change in the limit for solar rebates.

A Commission decision that clearly and precisely limits the amount of solar rebates that can be paid under the 1% retail rate impact protections will provide necessary certainty to Ameren Missouri, customers making decisions about solar systems, to the solar developers seeking to install these systems, and to all customers who are required to pay such rebates.

Q. Does this conclude your surrebuttal testimony?

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 Rebate Suspension	)))	Case No. ET-2014-0085

AFFIDAVIT OF MATT MICHELS

STATE OF MISSOURI)
) **ss**
CITY OF ST. LOUIS)

Matt Michels, being first duly sworn on his oath, states:

1. My name is Matt Michels. I am employed by Ameren Services Company ("Ameren Services") as a Corporate Analysis Manager in the Commercial Transactions Department.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Union Electric Company, d/b/a Ameren Missouri, consisting of 35 pages (and Schedules MM-S1 through MM-S2 if any), all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Matt Michels

Subscribed and sworn to before me this 1st day of November, 2013.

Julie Donohue
Notary Public

My commission expires: 1/15/2017

Julie Donohue - Notary Public
Notary Seal, State of
Missouri - St. Louis County
Commission #13753418
My Commission Expires 1/15/2017

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