

Exhibit No.:

Issues: Labadie ESP Install,
Labadie ESP and Callaway
RVCH True-Up

Witness: Erin M. Carle

Sponsoring Party: MoPSC Staff

Type of Exhibit: Surrebuttal Testimony

Case No.: ER-2014-0258

Date Testimony Prepared: February 6, 2015

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

UTILITY SERVICES - AUDITING

SURREBUTTAL TESTIMONY

OF

ERIN M. CARLE

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

CASE NO. ER-2014-0258

Staff Exhibit No. 208
Date 2-23-15 Reporter XF
File No. ER-2014-0258

*Jefferson City, Missouri
February, 2015*

**** Denotes Highly Confidential Information ****

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**TABLE OF CONTENTS OF
SURREBUTTAL TESTIMONY
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1
2
3
4
5
6
7
8
9
10
11

Labadie ESP Upgrade..... 2
Labadie ESP True-UP..... 5
Callaway Nuclear Reactor Vessel Closure Head (“RVCH”) True-Up..... 5

1 Q. What is the purpose of your surrebuttal testimony in this proceeding?

2 A. My surrebuttal testimony will respond to the rebuttal testimony of Ameren
3 Missouri ("Company") witness Christopher Iselin regarding the Labadie ESP upgrade and to
4 provide the actual true-up costs that Staff recommends for inclusion in the true-up cost of service
5 calculation pertaining to the completion of the Labadie Electrostatic Precipitator ("ESP") project
6 as well as the Callaway Nuclear Reactor Vessel Closure Head ("RVCH") project.

7 **LABADIE ESP UPGRADE**

8 Q. Has the Staff included the actual costs of both the Labadie Unit 1 and Unit 2 ESP
9 upgrades as part of its true-up audit cost of service calculation?

10 A. Yes. Staff has included the actual costs for both Unit 1 and Unit 2 with the
11 exception of an adjustment that was made to exclude the costs of 94 ESP plates that were not
12 installed in Unit 2 due to damage that occurred to the plates while they were located on site at the
13 Labadie Energy Center.

14 Q. What amount does the Staff propose for removal from the cost of service
15 calculation for the damaged ESP plates that were intended for installation in Labadie Unit 2?

16 A. Staff recommends that the Commission exclude \$408,048 of capital costs
17 associated with these damaged plates.

18 Q. Please explain Staff's adjustment.

19 A. Staff has removed all costs from plant-in-service associated with the 94 damaged
20 ESP plates that fell over while being stored. The adjustment included the cost of the plates, plus
21 all applicable accrued AFUDC less the scrap salvage value that Ameren Missouri received for
22 the damaged plates. In making this adjustment, Staff also excludes all recovery of depreciation
23 expense for the plates that were ultimately scrapped due to the damage.

1 Q. In his rebuttal testimony on page 9, lines 3 through 5, Company witness Mr. Iselin
2 states that the "failure occurred at a connection between two bundles, likely because of strong
3 winds. Wind gust speeds on this date reached 28 miles per hour." Are winds of this speed
4 uncommon for Labadie, Mo?

5 A. No. The average reported wind speed for that area during the month of
6 May, 2013 was approximately 24 miles per hour. 23% of the days in May in the immediate area
7 had wind speeds of 28 miles per hour or greater.¹

8 Q. Mr. Iselin also states in his rebuttal testimony, on page 9, lines 15 through 18, that
9 "The Company provided the installation contractor, Alberici Constructors, with the collector
10 plate handling and storage instructions provided by TECO Industries of Maryland, Inc., who is
11 the product supplier. The plates were handled and stored according to these instructions." Are
12 there any disclaimers in the instructions provided by TECO Industries of Maryland, Inc. that
13 indicate that the suggested method of storage may not be appropriate for all customers?

14 A. Yes. Staff was provided a copy of the handling and storage instructions in
15 response to Staff Data Request No. 180. At the bottom of the first page of instructions it states:

16 The following guidelines provide a summary of the best practices
17 and concepts that have been proven to be successful in maintaining plate
18 flatness and resisting damage from handling. This information does not
19 take the place of a project plan for shipping, unloading, storage, lifting and
20 installing Ribbon Plates. It is intended to be only a resource to help
21 develop an installation plan consistent with past success in handling
22 Ribbon Plates

23 Teco Industries of Maryland, Inc. is not an engineering firm or
24 constructor and does not provide professional consulting services for
25 transporting, handling or installing Ribbon Plates. Teco is not responsible
26 for any injury or property damage related to transporting, handling or
27 installing Ribbon Plates. Many issues and variables must be considered
28 and carefully analyzed prior to safely installing Ribbon Plates, including,

¹ Provided by Weather Underground
<http://www.wunderground.com/history/airport/KPYG/2013/12/21/MonthlyHistory.html#calendar>,
weather station in Washington, Mo, approximately 9 miles away for the Labadie Energy Center

1 but not limited to, **wind pressures²**, seismic forces, existing conditions,
2 structural evaluations, lifting equipment, rigging, etc. Teco recommends
3 that the installer retain the services of a professional consultant if they do
4 not have this expertise in-house to direct the overall Ribbon Plate logistics
5 and installation plan.

6 The disclaimer clearly states that all variables must be considered prior to utilizing their
7 suggested method.

8 Q. Did Ameren Missouri perform any analysis to determine the maximum wind
9 speeds that the storage racks would be able to withstand?

10 A. No. During a meeting on September 29, 2014, between MoPSC Staff and
11 Ameren Missouri, Staff asked Ameren Missouri employees and project participants Tom
12 Callahan and Owen Doyle if Ameren Missouri performed any analysis, research or testing to
13 determine the maximum amount of wind speeds that the racks could withstand. They responded
14 that Ameren Missouri did not test the original storage racks, or the new storage racks, to
15 determine the amount of wind speed that they could withstand.

16 Q. Does Staff believe that Ameren Missouri has acted prudently in all respects to
17 the project?

18 A. No. Staff believes that Ameren Missouri could have performed research and
19 analysis of the storage racks to ensure that the best method of storage was used for the ESP
20 Plates. This would have addressed all variables that could affect the ESP Plates during the
21 project as referenced in the instructions that were provided in response to Staff Data Request
22 No. 180. Similarly, Ameren Missouri could have required Alberici Constructors to provide
23 assurances to Ameren Missouri that the plates would be safely stored given those instructions.

24 Q. Did the incident cause Ameren Missouri to change their process of storing the
25 ESP Plates?

² Emphasis added

Surrebuttal Testimony of
Erin M. Carle

1 A. Yes. After the incident, Ameren Missouri and Alberici Constructors designed and
2 constructed new storage racks to hold the remaining and incoming ESP Plates. All redesign and
3 construction costs for the storage racks has been included in the overall cost of the project.

4 Q. Did the ESP Plates that were blown over and damaged ever provide any benefit to
5 the ratepayers from the time that they arrived on site through the dates that the damage occurred
6 and then eventually sold as scrap?

7 A. No. The ESP plates were never installed in either Labadie Unit and therefore
8 have never been classified as used and useful. Therefore, Ameren Missouri ratepayers have
9 never received any benefit from the damaged ESP Plates at any point in time.

10 **LABADIE ESP TRUE-UP**

11 Q. Has Staff reviewed the trued-up costs pertaining to the Labadie ESP project?

12 A. Yes. Staff has reviewed all costs associated with the ESP Project through
13 December 31, 2014. The final cost to be included in the cost of service for the ESP Project is
14 ** _____ **.

15 **CALLAWAY NUCLEAR REACTOR VESSEL CLOSURE HEAD ("RVCH") TRUE-UP**

16 Q. Has Staff reviewed the trued-up costs pertaining to the Callaway RVCH Project?

17 A. Yes. Staff has reviewed all costs associated with the RVCH Project through
18 December 31, 2014. The final cost to be included in the cost of service for the project through
19 December 31, 2014 is ** _____ **.

20 Q. Does this conclude your surrebuttal testimony?

21 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 Tariff to Increase Its) Case No. ER-2014-0258
Revenues for Electric Service)

AFFIDAVIT OF ERIN M. CARLE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Erin M. Carle, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 5 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.

Erin M. Carle
Erin M. Carle

Subscribed and sworn to before me this 5th day of February, 2015.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2016
Commission Number: 12412070

D. Suzie Mankin
Notary Public