

**BEFORE THE PUBLIC SERVICE
COMMISSION OF THE STATE OF MISSOURI**

**In the Matter of Ameren Missouri's
Application for Authorization to
Suspend Payment of Solar Rebates**

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) **Case No. ET-2014-0085**
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Surrebuttal Testimony of

Maurice Brubaker

On behalf of

Missouri Industrial Energy Consumers

November 1, 2013



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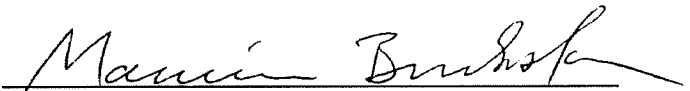
STATE OF MISSOURI)
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COUNTY OF ST. LOUIS)

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Affidavit of Maurice Brubaker

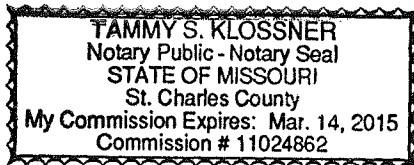
Maurice Brubaker, being first duly sworn, on his oath states:

1. My name is Maurice Brubaker. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by the Missouri Industrial Energy Consumers in this proceeding on their behalf.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony which was prepared in written form for introduction into evidence in the Missouri Public Service Commission's Case No. ET-2014-0085.
3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things that it purports to show.



Maurice Brubaker

Subscribed and sworn to before me this 31st day of October, 2013.





Notary Public

1 The fact that I may not respond specifically to positions taken by or
2 recommendations made by any witness in this proceeding should not be interpreted
3 to be an agreement with that position or recommendation.

4 **Portfolio Comparisons**

5 **Q WHAT DOES THE COMMISSION'S RENEWABLE RULE SPECIFY WITH**
6 **RESPECT TO THE DETERMINATION OF RETAIL RATE IMPACT?**

7 A The rule specifies a comparison between a “non-renewable” portfolio and a
8 “RES-compliant” portfolio. The non-renewable portfolio is determined by adding
9 non-renewable resources to the existing portfolio as required to meet the utility’s
10 needs on a least-cost basis. The RES-compliant portfolio also starts with the existing
11 portfolio and adds an amount of renewable resources necessary to achieve the
12 portfolio standard, plus whatever amount, if any, of non-renewable resources are
13 required to meet the utility’s needs.

14 This is set forth in 4 CSR 240-20.100(5)(B). Specifically:

15 The RES retail rate impact shall be determined by subtracting the total
16 retail revenue requirement incorporating an incremental
17 non-renewable generation and purchased power portfolio from the
18 total retail revenue requirement including an incremental
19 RES-compliant generation and purchased power portfolio. The
20 non-renewable generation and purchased power portfolio shall be
21 determined by adding to the utility’s existing generation and purchased
22 power resource portfolio additional non-renewable resources sufficient
23 to meet the utility’s needs on a least-cost basis for the next ten (10)
24 years. The RES-compliant portfolio shall be determined by adding to
25 the utility’s existing generation and purchased power resource portfolio
26 an amount of renewable resources sufficient to achieve the standard
27 set forth in section (2) of this rule and an amount of least-cost
28 nonrenewable resources, the combination of which is sufficient to meet
29 the utility’s needs for the next ten (10) years. These renewable energy
30 resource additions will utilize the most recent electric utility resource
31 planning analysis.

1 Note that with respect to both portfolios, the starting point is the current
2 generation resources, and the two portfolios to be compared are created by adding
3 either non-renewable or RES-compliant resources to the existing portfolio.

4 Based on this language, and the fact that the objective of the calculation is to
5 determine how much more customers would pay to achieve the RES-compliant
6 portfolio versus what they would pay in the absence of the portfolio standard, I
7 disagree with Staff's conclusion that existing renewable resources (Keokuk, for
8 example) should be excluded from both the non-renewable portfolio and from the
9 RES compliant portfolio.

10 **Q HOW DO YOU RECONCILE THIS WITH 4 CSR 240-20.100(5)(A) WHICH**
11 **INCLUDES THE FOLLOWING LANGUAGE IN REFERENCE TO RETAIL RATE**
12 **IMPACT: "THE RETAIL RATE IMPACT SHALL BE CALCULATED...AND SHALL**
13 **EXCLUDE RENEWABLE ENERGY RESOURCES OWNED OR UNDER**
14 **CONTRACT PRIOR TO THE EFFECTIVE DATE OF THIS RULE."?**

15 **A** The referenced language does not address the contents of either portfolio. It simply
16 says that these resources shall be excluded from the retail rate impact calculation.
17 The practical way to exclude them from the retail rate impact calculation is to do as
18 subpart (B) specifies, include existing resources in both portfolios.

1 **Maryland Heights Renewable Energy Center**

2 **Q HAVE YOU REVIEWED THE TESTIMONY OF MISSOURI SOLAR ENERGY**
3 **INDUSTRIES ASSOCIATION (“MOSEIA”) WITNESS EZRA HAUSMAN**
4 **CONCERNING THE TREATMENT OF COSTS ASSOCIATED WITH THE**
5 **MARYLAND HEIGHTS RENEWABLE ENERGY CENTER (“MD HTS”)?**

6 A Yes. Dr. Hausman discusses the MD HTS facility beginning at page 13 of his rebuttal
7 testimony.

8 **Q WHAT POSITION DOES DR. HAUSMAN TAKE WITH RESPECT TO THE COSTS**
9 **ASSOCIATED WITH MD HTS?**

10 A Although he does not claim that the MD HTS investment was imprudent or
11 inappropriate, he proposes to exclude from the rate impact calculation a significant
12 portion of the costs associated with the facility on the basis that Ameren should have
13 done something else that was less costly.

14 **Q DO YOU AGREE WITH DR. HAUSMAN’S RECOMMENDATION?**

15 A No. The costs associated with MD HTS are clearly costs that Ameren Missouri
16 expects to recover through its rates, and therefore the costs associated with this
17 facility should be included in the rate impact calculation. Otherwise, the 1% rate
18 impact limitation would be violated. Dr. Hausman’s recommendations are without
19 merit and should be rejected.

1 **Application Issues**

2 **Q DO YOU HAVE ANY COMMENTS CONCERNING THE TREATMENT OF**
3 **REBATES IN CALCULATING RETAIL RATE IMPACT UNDER THE RULE?**

4 A I do not have any specific recommendations about how to resolve the rebate payment
5 issue, but have a concern about how the impact should be calculated.

6 **Q PLEASE EXPLAIN.**

7 A Regardless of how the issue is resolved, the guiding principle should be to ensure
8 that over every measurement period, the difference in the cost of the two portfolios
9 does not exceed 1%. This requires, among other things, that the full consequences
10 of any amortization of cost (should that approach be adopted) be included in the
11 revenue requirement in future years so that the full consequences of any decision are
12 included when measuring rate impact. Also, it is important that all years be included
13 in the analysis. The cost of rebates that have been paid, but which have not yet been
14 reflected in revenue requirements and charged to customers through rates, must be
15 included in those calculations, otherwise there is a risk that the 1% differential would
16 be violated. The same treatment should apply to any rebates that are being paid this
17 year, but are not yet reflected in rates.

18 The overall guiding principle should be that no matter what resources are
19 included, how and when they are paid for, the resulting impact on customers must be
20 a rate impact at or below the specified 1%.

21 **Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

22 A Yes, it does.

Qualifications of Maurice Brubaker

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Maurice Brubaker. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 **Q PLEASE STATE YOUR OCCUPATION.**

5 A I am a consultant in the field of public utility regulation and President of the firm of
6 Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

7 **Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
8 **EXPERIENCE.**

9 A I was graduated from the University of Missouri in 1965, with a Bachelor's Degree in
10 Electrical Engineering. Subsequent to graduation I was employed by the Utilities
11 Section of the Engineering and Technology Division of Esso Research and
12 Engineering Corporation of Morristown, New Jersey, a subsidiary of Standard Oil of
13 New Jersey.

14 In the Fall of 1965, I enrolled in the Graduate School of Business at
15 Washington University in St. Louis, Missouri. I was graduated in June of 1967 with
16 the Degree of Master of Business Administration. My major field was finance.

17 From March of 1966 until March of 1970, I was employed by Emerson Electric
18 Company in St. Louis. During this time I pursued the Degree of Master of Science in
19 Engineering at Washington University, which I received in June, 1970.

20 In March of 1970, I joined the firm of Drazen Associates, Inc., of St. Louis,
21 Missouri. Since that time I have been engaged in the preparation of numerous

1 studies relating to electric, gas, and water utilities. These studies have included
2 analyses of the cost to serve various types of customers, the design of rates for utility
3 services, cost forecasts, cogeneration rates and determinations of rate base and
4 operating income. I have also addressed utility resource planning principles and
5 plans, reviewed capacity additions to determine whether or not they were used and
6 useful, addressed demand-side management issues independently and as part of
7 least cost planning, and have reviewed utility determinations of the need for capacity
8 additions and/or purchased power to determine the consistency of such plans with
9 least cost planning principles. I have also testified about the prudence of the actions
10 undertaken by utilities to meet the needs of their customers in the wholesale power
11 markets and have recommended disallowances of costs where such actions were
12 deemed imprudent.

13 I have testified before the Federal Energy Regulatory Commission ("FERC"),
14 various courts and legislatures, and the state regulatory commissions of Alabama,
15 Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia,
16 Guam, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Missouri,
17 Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania,
18 Rhode Island, South Carolina, South Dakota, Texas, Utah, Virginia, West Virginia,
19 Wisconsin and Wyoming.

20 The firm of Drazen-Brubaker & Associates, Inc. was incorporated in 1972 and
21 assumed the utility rate and economic consulting activities of Drazen Associates, Inc.,
22 founded in 1937. In April, 1995 the firm of Brubaker & Associates, Inc. was formed. It
23 includes most of the former DBA principals and staff. Our staff includes consultants
24 with backgrounds in accounting, engineering, economics, mathematics, computer
25 science and business.

1 Brubaker & Associates, Inc. and its predecessor firm has participated in over
2 700 major utility rate and other cases and statewide generic investigations before
3 utility regulatory commissions in 40 states, involving electric, gas, water, and steam
4 rates and other issues. Cases in which the firm has been involved have included
5 more than 80 of the 100 largest electric utilities and over 30 gas distribution
6 companies and pipelines.

7 An increasing portion of the firm's activities is concentrated in the areas of
8 competitive procurement. While the firm has always assisted its clients in negotiating
9 contracts for utility services in the regulated environment, increasingly there are
10 opportunities for certain customers to acquire power on a competitive basis from a
11 supplier other than its traditional electric utility. The firm assists clients in identifying
12 and evaluating purchased power options, conducts RFPs and negotiates with
13 suppliers for the acquisition and delivery of supplies. We have prepared option
14 studies and/or conducted RFPs for competitive acquisition of power supply for
15 industrial and other end-use customers throughout the United States and in Canada,
16 involving total needs in excess of 3,000 megawatts. The firm is also an associate
17 member of the Electric Reliability Council of Texas and a licensed electricity
18 aggregator in the State of Texas.

19 In addition to our main office in St. Louis, the firm has branch offices in
20 Phoenix, Arizona and Corpus Christi, Texas.

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