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	)))))	**Case No. ET-2014-0085**

Surrebuttal Testimony of

Maurice Brubaker

On behalf of

Missouri Industrial Energy Consumers

November 1, 2013

BRUBAKER & ASSOCIATES, INC.

Project 9842

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	)	**Case No. ET-2014-0085**

STATE OF MISSOURI)
) **SS**
COUNTY OF ST. LOUIS)

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.

TAMMY S. KLOSSNER
Notary Public - Notary Seal
STATE OF MISSOURI
St. Charles County
My Commission Expires: Mar. 14, 2015
Commission # 11024862

Tammy S Klossner
Notary Public

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	)))))	**Case No. ET-2014-0085**

Surrebuttal Testimony of Maurice Brubaker

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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

Q WHAT IS YOUR OCCUPATION?

A I am a consultant in the field of public utility regulation and President of Brubaker & Associates, Inc., energy, economic and regulatory consultants.

Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A This information is included in Appendix A to my testimony.

Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A I am appearing on behalf of the Missouri Industrial Energy Consumers ("MIEC").

Q WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A I shall respond to the rebuttal testimony of Missouri PSC Staff witnesses Eubanks and Oligschlaeger and to the testimony of the witnesses appearing on behalf of the Solar Interests.

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

Portfolio Comparisons

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

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

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

> 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. 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. The RES-compliant portfolio shall be determined by adding to the utility's existing generation and purchased power resource portfolio an amount of renewable resources sufficient to achieve the standard set forth in section (2) of this rule and an amount of least-cost nonrenewable resources, the combination of which is sufficient to meet the utility's needs for the next ten (10) years. These renewable energy resource additions will utilize the most recent electric utility resource planning analysis.

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

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

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

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

Maryland Heights Renewable Energy Center

Q HAVE YOU REVIEWED THE TESTIMONY OF MISSOURI SOLAR ENERGY INDUSTRIES ASSOCIATION ("MOSEIA") WITNESS EZRA HAUSMAN CONCERNING THE TREATMENT OF COSTS ASSOCIATED WITH THE MARYLAND HEIGHTS RENEWABLE ENERGY CENTER ("MD HTS")?

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

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

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

Q DO YOU AGREE WITH DR. HAUSMAN'S RECOMMENDATION?

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

Application Issues

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

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

Q PLEASE EXPLAIN.

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

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

Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

A Yes, it does.

Qualifications of Maurice Brubaker

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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

Q PLEASE STATE YOUR OCCUPATION.

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

Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

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

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

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

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

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

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

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

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

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

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