

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

In the Matter of Union Electric Company, d/b/a)	<u>File No. ER-2014-0258</u>
Ameren Missouri's Tariff to Increase Its)	Tariff No. YE-2015-0003
Revenues for Electric Service)	

**ORDER REGARDING MOTION TO ADMIT EXHIBIT AND RELATED
TESTIMONY INTO EVIDENCE**

Issue Date: March 25, 2015

Effective Date: March 25, 2015

During the course of the evidentiary hearing, Ameren Missouri presented the testimony of Matt Michels on the issue of the prudence of Ameren Missouri's investment in the installation of electro-static precipitators – an environmental quality device – at units 1 and 2 of its Labadie coal-fired electric power station. Sierra Club cross-examined Mr. Michels at the hearing, and thereafter, consistent with practice at the Commission, Ameren Missouri was allowed to question its witness on redirect.

During redirect, Sierra Club objected to two lines of questioning by counsel for Ameren Missouri on the basis that those questions exceeded the scope of cross-examination. In addition, Sierra Club objected to the admission of exhibit 65HC, which was offered by Ameren Missouri to illustrate the testimony offered by its witness. The presiding officer deferred ruling on Sierra Club's objections to the testimony and the exhibit until the transcript could be reviewed to determine whether Sierra Club had opened the door to the exhibit and testimony during its cross-examination of the witness.

After the transcript became available, Ameren Missouri filed a motion on March 18, renewing its request that exhibit 65HC and supporting testimony be admitted into evidence.

Sierra Club filed a written response to that motion on March 24, again contending that the exhibit and related testimony should be struck as beyond the scope of cross-examination.

Sierra Club objected to two separate lines of questioning during the redirect examination. First, it objected to a line of questions in which Ameren Missouri asked its witness whether there was a reason that Ameren Missouri did not include a unit specific analysis of the effect of future environmental regulations on Labadie Units 1 and 2 in its Integrated Resource Planning (IRP) filing. A review of the transcript reveals that Sierra Club did not question the witness about that matter during its cross-examination. Therefore, Ameren Missouri's redirect questions were improper and will be struck from the record.

The second line of questions, and exhibit 65HC, are related to Ameren Missouri's assumption that there was an 85 percent chance that Labadie Units 1 and 2 would face no direct costs relating to future greenhouse gas regulations. During its cross-examination, Sierra Club asked Ameren Missouri's witness whether the company believed the Labadie units would likely receive a financial benefit from such regulations.¹ In his response, Mr. Michels explained that so long as environmental regulations did not put an explicit price on carbon dioxide emissions, such regulations would force less efficient coal-powered generating plants around the country to be retired. The Labadie units, which have lower production costs than most coal-fired plants, would be able to remain in operation. The reduced supply of electricity coming from coal-fired plants would drive up the sale price of the electricity produced by the Labadie units, resulting in a financial benefit to Ameren Missouri.² In its redirect examination of Mr. Michels, Ameren Missouri asked him to

¹ Transcript, Page 1938, Lines 13-16

² Transcript Pages 1938-1939, Lines 17-25, 1-2.

elaborate on that response and offered exhibit 65HC as an illustration of the relatively low production costs of the Labadie units, compared to other coal-fired generating plants.

Ameren Missouri's questions to Mr. Michels on redirect, and exhibit 65HC, properly respond to the questions asked by the Sierra Club on its cross-examination, and are proper redirect. The Commission will admit the exhibit and related testimony into the record.

THE COMMISSION ORDERS THAT:

1. Ameren Missouri's Motion for Admission of Exhibit 65HC is granted. That exhibit and related testimony are admitted into evidence, and Sierra Club's objection to that evidence is overruled. The specific testimony admitted is Transcript Page 1951, line25; Page 1952; and Page 1953, Lines 1-6.
2. Sierra Club's objection to the admission of testimony regarding unit specific analysis of Labadie Units 1 and 2 is sustained. The testimony struck from evidence is Transcript Page 1946, Lines 19-25; Page 1947; Page 1948; and Page 1949, Line 1.
3. This order shall be effective when issued.



BY THE COMMISSION

Morris L. Woodruff

Morris L. Woodruff
Secretary

Morris L. Woodruff, Chief Regulatory
Law Judge, by delegation of authority
pursuant to Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 25th day of March, 2015.