

Exhibit No.:
Issue(s): RES 1% Limitation
Witness: Matt Michels
Sponsoring Party: Union Electric Company
Type of Exhibit: Rebuttal Testimony
Case No.: EC-2013-0379
Date Testimony Prepared: August 9, 2013

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EC-2013-0379

REBUTTAL TESTIMONY

OF

MATT MICHELS

ON

BEHALF OF

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

**St. Louis, Missouri
August, 2013**

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **MATT MICHELS**

4 **CASE NO. EC-2013-0379**

5 **Q. Please state your name and business address.**

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

8 **Q. By whom are you employed and in what position?**

9 A. I am employed by Ameren Services Company ("Ameren Services") as a
10 Corporate Analysis Manager in the Commercial Transactions Department. Ameren Services
11 provides various corporate support services for Union Electric Company d/b/a Ameren
12 Missouri ("Ameren Missouri" or "Company"), including legal, accounting, financial, and
13 analytical support.

14 **Q. Please describe your educational background, work experience and the**
15 **duties of your position.**

16 A. I joined Ameren Services Company in 2005 as a Consulting Engineer in
17 Corporate Planning. My responsibilities included coordination and monitoring of projects
18 implemented in conjunction with the integration of processes and systems following the
19 acquisition by Ameren Corporation of Illinois Power Company in October 2004. I
20 subsequently was involved in the integration of combustion turbine facilities acquired by
21 Ameren Missouri in 2006. In September 2008, I was promoted to Managing Supervisor of
22 Resource Planning with responsibility for long-range resource planning including Ameren
23 Missouri's Integrated Resource Plan filings and associated analysis. In February 2013, I was
24 promoted to my current position as Corporate Analysis Manager. My responsibilities include

1 long-range resource planning, environmental compliance planning, fuel budgeting and other
2 resource-related analysis. I earned a Bachelor of Science degree in Electrical Engineering
3 from the University of Illinois at Urbana-Champaign in May of 1990. I have been employed
4 by Ameren Services or Illinois Power since June of 1990 in various positions related to
5 resource and business planning. During most of that time, my responsibilities have included
6 the development, use and oversight of various planning models used for purposes such as
7 production costing, acquisition evaluation, corporate restructuring, financial forecasting and
8 resource planning. This includes the model Ameren Missouri currently uses to determine its
9 compliance with the 1% retail rate impact limitation under Missouri's Renewable Energy
10 Standard ("RES").

11 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

12 A. The purpose of my rebuttal testimony is to respond to the testimony of
13 Mr. Patrick J. Wilson of Earth Island Institute d/b/a Renew Missouri and the testimony of
14 Mr. Vaughn Prost of Missouri Solar Applications, LLC. In doing so, I will demonstrate that
15 their concerns regarding the treatment of the 1% retail rate impact limitation in Ameren
16 Missouri's 2012 RES compliance filing are unfounded and without merit.

17 **Q. Please summarize the concerns of Mr. Wilson and Mr. Prost as you**
18 **understand them.**

19 A. Mr. Wilson and Mr. Prost both contend that by not publicly disclosing a
20 detailed calculation of Ameren Missouri's 1% retail rate impact limitation as part of its 2012
21 RES compliance filing, unspecified damage has been sustained by solar development
22 businesses due to an inability to properly plan for potential business opportunities. Both
23 make other assertions regarding the purpose of the rule requiring a detailed description of the
24 retail rate impact calculation with little or no basis in the RES statute or the RES rules

1 (4 CSR 240-20.100) promulgated by the Missouri Public Service Commission
2 (“Commission”).

3 **Q. Please describe the 1% retail rate impact limitation.**

4 A. The retail rate impact limitation, simply put, limits the customer cost impact
5 of RES compliance to 1% greater than what customer cost would be absent the RES.

6 **Q. Is the 1% limitation based on the utility’s current revenue requirement as**
7 **calculated in a rate case?**

8 A. No. The limitation is based on a comparison of two forward-looking
9 hypothetical cases, one representing a “non-renewable” portfolio in which no new renewable
10 resources are added to meet the RES energy requirements, and one representing a “RES-
11 compliant” portfolio in which new renewable resources are added to meet the RES energy
12 requirements (both solar and non-solar). In each portfolio, additional resources are included
13 in the amount necessary to meet the utility’s needs.

14 **Q. What is the meaning of the phrase “utility’s needs”?**

15 A. This means satisfying the utility’s obligation to provide safe and adequate
16 service at just and reasonable rates. Therefore, in the case of the “non-renewable” portfolio,
17 if the utility does not need new generation during the relevant future period to meet this
18 obligation then it does not need to include any new generation as part of that portfolio. In
19 fact, to do so would be misleading and would artificially increase the RES compliance costs
20 resulting from the calculation of the 1% limitation.

21 **Q. How is the comparison to be made?**

22 A. In making the comparison, the utility is to calculate the difference in revenue
23 requirement between the non-renewable portfolio and the RES-compliant portfolio, averaged
24 over the succeeding 10 years. If that 10-year average difference exceeds 1%, then the

1 amount of renewable energy¹ acquired is to be adjusted downward such that the 10-year
2 average difference is exactly 1%.

3 **Q. Does Ameren Missouri have a model that performs these calculations?**

4 A. Yes. As the RES rules were being developed, Ameren Missouri was in the
5 process of preparing its 2011 Integrated Resource Plan ("IRP") filing. As part of that work,
6 Ameren Missouri had to include in its alternative resource plans renewable resources to meet
7 the RES requirements subject to the 1% retail rate impact limitation. An Excel spreadsheet
8 model was developed to perform these calculations and allow the Company to include, in its
9 IRP alternative resource plans, resources and associated costs necessary to meet the RES
10 standards.

11 **Q. Was Ameren Missouri's 2011 IRP filing made prior to the filing of its**
12 **first RES compliance plan?**

13 A. Yes. The 2011 IRP was filed on February 23, 2011. Ameren Missouri's first
14 RES compliance filing was made on April 15, 2012, as required by the RES rules.

15 **Q. Was the model used by Ameren Missouri made available to stakeholders**
16 **in its IRP filing?**

17 A. Yes. A fully functional copy of the model was included as part of the
18 workpapers provided shortly after the filing of Ameren Missouri's 2011 IRP.

19 **Q. Were stakeholders made aware of the model?**

20 A. Yes. On April 5th and 6th of 2011, Ameren Missouri hosted a stakeholder
21 workshop to review its 2011 IRP filing and answer stakeholder questions. Ameren

¹ Because renewable energy certificates ("RECs") can be used to comply with the RES, a utility may either acquire or generate renewable energy or purchase RECs.

1 Missouri's approach to modeling RES compliance was included as a specific agenda item for
2 discussion.

3 **Q. Did Ameren Missouri respond to any data requests pertaining to the RES**
4 **compliance model?**

5 A. Only one, from Missouri Department of Natural Resources ("MDNR"). That
6 data request asked for the specific location of the model in the workpapers as well as some
7 questions about the model itself.

8 **Q. Was this data request and response available for all stakeholders to**
9 **review, or just MDNR?**

10 A. All parties to the IRP case were able to see and review all data requests
11 submitted by any other party and the Company's responses to those data requests.

12 **Q. Was Renew Missouri a party to Ameren Missouri's 2011 IRP case?**

13 A. Yes.

14 **Q. Did Ameren Missouri receive any data requests from Renew Missouri**
15 **pertaining to the RES compliance model?**

16 A. No.

17 **Q. Did Renew Missouri file any comments on Ameren Missouri's RES**
18 **compliance model as part of that IRP case?**

19 A. No.

20 **Q. Has Ameren Missouri included results from its RES compliance model in**
21 **any subsequent filings with the Commission?**

22 A. Yes. Ameren Missouri filed its 2012 IRP Annual Update Report with the
23 Commission in April 2012. As part of that report, the Company included updated results
24 from its RES compliance model.

1 **Q. Why didn't Ameren Missouri use the model it developed for the IRP to**
2 **include a detailed calculation of the 1% retail rate impact limitation in its 2012 RES**
3 **compliance filing?**

4 A. At the time Ameren Missouri made its 2012 RES compliance filing, the RES
5 rules were the subject of litigation. One of the issues in that litigation involved what the
6 statutory requirements were with respect to how the 1% retail rate impact limitation was to
7 be calculated. At that time, there were a range of possible outcomes in terms of how the
8 court might determine the calculation had to be done. As the outcome of this litigation was
9 unknown it was important to ensure that Ameren Missouri's RES compliance rate impact
10 was within the 1% limitation regardless of the manner in which the court determined it must
11 be calculated.

12 **Q. How was the rate impact limitation determined for purposes of the 2012**
13 **RES compliance filing?**

14 A. The limitation was assumed to be no more stringent (meaning the 1%
15 limitation was no lower) than 1% of Ameren Missouri's Commission-approved revenue
16 requirement from its most recent rate case proceeding. The approved revenue requirement
17 was approximately \$2.61 billion, so 1% of that was \$26.1 million. Ameren Missouri
18 indicated in its RES compliance plan that its expected costs were less than that amount and
19 therefore within the 1% retail rate impact limitation.

20 **Q. Is it reasonable to assume that if the costs are less than 1% of the**
21 **approved revenue requirement that they are also less than 1% of the average revenue**
22 **requirement for the subsequent 10 years?**

23 A. Yes, primarily because revenue requirements are expected to grow over time,
24 so computing 1% of an average of numbers that are greater than the current revenue

1 requirement will yield a value that is itself greater than 1% of the current revenue
2 requirement.

3 **Q. Does Mr. Wilson agree that 1% of the 10-year average revenue**
4 **requirement would be greater than 1% of the current revenue requirement?**

5 A. Yes. While he does not say so in his testimony, in a deposition of Mr. Wilson
6 taken July 16, 2013, he acknowledges that 1% of the 10-year average revenue requirement
7 for the non-renewable portfolio would, under “normal circumstances,” be greater than 1% of
8 the actual Commission-approved revenue requirement.²

9 **Q. Did Ameren Missouri explain why it performed the alternative**
10 **calculation for the 1% limitation for its 2012 RES compliance filing?**

11 A. It did. As the Company explained in a request for a variance,
12 Section (5) of the rule requires a highly detailed calculation of a
13 revenue requirement which excludes renewable energy sources and
14 includes costs associated with greenhouse gas costs. The impact of
15 these adjustments is that the calculation, by design, produces a larger
16 revenue requirement than the Company’s last Commission approved
17 revenue requirement. As was true in the Company’s filing last year,
18 Ameren Missouri’s cost to comply with the RES for this year and the
19 next two calendar years is significantly less than 1% of its current
20 revenue requirement. Accordingly, the extra calculations are not
21 necessary to ensure Ameren Missouri’s compliance plan is
22 obtainable within the statutory expenditure cap for 2011, 2012 and
23 2013. Ameren Missouri requests the Missouri Public Service
24 Commission (Commission) grant it a variance from 4 CSR 240-
25 20.100(7)(B)1F and, instead, allow the Company to demonstrate that
26 the costs of RES compliance is less than 1% of its last Commission
27 ordered revenue requirement. The Company also requests that this
28 variance be a continuing variance until such time as the cost of
29 compliance is more than 1% of its current revenue requirement.³

² Patrick J. Wilson Deposition, File No. EC-2013-0379, July 16, 2013, p. 88, l. 4-14.

³ File No. EO-2012-0351, *Response to Comments*, June 15, 2012, p. 1-2. Note, the reference to 2011, 2012 and 2013 is in error and should have been to the years 2012, 2013 and 2014.

1 The Commission has never ruled on this request and certainly never denied this variance
2 request. If this request had been denied, Ameren Missouri would likely have had to go back
3 and recalculate the 1% limitation using the Commission's methodology, which as noted
4 would have yielded a result that would have led us to the same answer: Ameren Missouri
5 RES expenditures were less than 1% of the then-in-effect revenue requirement and thus
6 within the 1% limitation, no matter how it is calculated. But that order was never issued.

7 **Q. Has Ameren Missouri filed a more recent RES compliance plan in which**
8 **the detailed calculation for the 1% rate impact limitation was included?**

9 A. Yes. On May 28, 2013, Ameren Missouri filed its 2013 RES compliance plan
10 and included the results of its detailed calculation of the 1% rate impact limitation as well as
11 the detailed calculation itself. The actual detailed calculation was marked Highly
12 Confidential.

13 **Q. Did that calculation show that Ameren Missouri's costs would be within**
14 **the limitation?**

15 A. Yes. It showed that the retail rate impact was expected to be 0.68% in 2013,
16 0.84% in 2014 and 0.82% in 2015.

17 **Q. Mr. Wilson claims in his testimony that Ameren Missouri's rate impact**
18 **calculation results reported in its RES compliance plan are in direct conflict with a**
19 **statement made by Ameren Missouri's Vice President of Regulatory and Legislative**
20 **Affairs, Warren Wood, who said in a public statement in January 2013 that Ameren**
21 **Missouri was not up against the 1% retail rate impact limitation. Is he correct?**

22 A. Not at all. Ameren Missouri had not curtailed spending on RES compliance
23 due to the retail rate impact limitation through 2012, and its 2013 RES compliance plan

1 indicated, as I mentioned previously, that Ameren Missouri expected to be under the
2 limitation for the subsequent three years presented in that filing.

3 **Q. Does Mr. Wilson still maintain that this statement was in conflict with the**
4 **report?**

5 A. No. In his deposition, Mr. Wilson indicates that at the time Mr. Wood made
6 the statement, Mr. Wilson simply did not know whether or not it was true⁴ and that the
7 statement did not in fact conflict with what was reported by Ameren Missouri in its 2013
8 RES compliance plan⁵.

9 **Q. Mr. Wilson's testimony relies upon an assertion that Mr. Wood's**
10 **statement conflicts with Ameren Missouri's 2013 RES compliance plan as the basis for**
11 **concluding that, "Ameren either hasn't performed the 1% cost calculation at all, or**
12 **hasn't performed it correctly and consistently." Is there any validity to his conclusion?**

13 A. None at all. In fact, Ameren Missouri's 2013 RES compliance filing directly
14 refutes his claim by its inclusion of the detailed 1% retail rate impact limitation calculation
15 and results. It is puzzling that Mr. Wilson could reach such a conclusion when very precise
16 model results are reported and a detailed calculation filed with the very report he relies on as
17 the basis for his claim. Instead, it simply demonstrates that Mr. Wilson does not himself
18 know the details of Ameren Missouri's calculation.

19 **Q. Does Mr. Wilson's testimony accurately describe the mechanics of**
20 **determining the 1% retail rate impact calculation?**

21 A. His description is not completely accurate. In particular, Mr. Wilson indicates
22 that the "calculation requires the comparison of the utilities' total costs (including RES

⁴ Patrick J. Wilson Deposition, File No. EC-2013-0379, July 16, 2013, p. 183, l. 11-20.

⁵ Id., p. 184, l. 1-4.

1 compliance costs) with the utilities' total costs if they were to make a hypothetical
2 investment in the same amount of non-renewable generation." This language appears in
3 neither the RES statute nor the Commission's rules. Instead, the utility must compare a
4 "non-renewable" portfolio and a "RES-compliant" portfolio, both of which are to include
5 non-renewable resources "sufficient to meet the utility's needs."⁶

6 **Q. Using the definition of "utility's needs" provided previously, does**
7 **Ameren Missouri's preferred plan reflect a need for any new generating resources in**
8 **the RES implementation period absent those resources necessary for RES compliance?**

9 A. No. Ameren Missouri's current preferred resource plan reflects the addition
10 of significant demand side resources which are expected to obviate the need for any new
11 supply resources, even absent those resources necessary for RES compliance.

12 **Q. Mr. Wilson, further describing his understanding of the requirements for**
13 **comparing the two cases, claims to be aware of "indications that some utilities may**
14 **misunderstand this basic component of Section 5 of the Commission's rule." Do you**
15 **know what he is referring to?**

16 A. Not at all. Mr. Wilson fails to state what such "indications" might be or to
17 which "utilities" he is referring. In fact, upon being questioned on this statement in his
18 deposition, Mr. Wilson admits that he has no basis for the statement saying, "I guess I'm
19 speculating because I don't know."⁷ Based on his testimony, it appears that it is Mr. Wilson
20 who has some misconceptions about the requirements of the Commission's rules.

21 **Q. Aside from simply not knowing the details of Ameren Missouri's**
22 **calculation of the 1% retail rate impact limitation, does Mr. Wilson claim that omission**

⁶ 4 CSR 240-20.100(5)(B).

⁷ Patrick J. Wilson Deposition, File No. EC-2013-0379, July 16, 2013, p. 78, l. 10-14.

1 **of this calculation from Ameren Missouri's 2012 RES compliance plan has resulted in**
2 **harm?**

3 A. Yes. He claims that by omitting the detailed calculation from the report that
4 harm has come to both utility customers and renewable energy developers.

5 **Q. What is the basis for Mr. Wilson's claim that utility customers are**
6 **harmed by the exclusion of the detailed retail rate impact calculation from Ameren**
7 **Missouri's 2012 RES compliance plan?**

8 A. Mr. Wilson claims that by not publicly disclosing the calculation, utilities
9 could be over-investing or under-investing in renewable energy.

10 **Q. Based on its 2012 RES compliance plan filed with the Commission, was**
11 **there any expectation that Ameren Missouri could be over-investing in renewable**
12 **energy?**

13 A. No. As I mentioned previously, Ameren Missouri showed in its 2012 RES
14 compliance plan that its costs were expected to be less than 1% of its Commission-approved
15 revenue requirement and that this amount would surely be less than 1% of any future revenue
16 requirements used in the detailed calculation.

17 Further, Ameren Missouri recently completed a rate case⁸ in which multiple parties,
18 including some of the Complainants, participated. In that case, the Company's revenue
19 requirement was reviewed and no one found any indication that Ameren Missouri spent more
20 on renewable energy than allowed by the statutory 1% limitation or that any of Ameren
21 Missouri's expenditures on renewables were imprudent or unreasonable in any way.

22 **Q. Was there any expectation that Ameren Missouri could be under-**
23

⁸ File No. ER-2012-0166.

1 **investing in renewable energy?**

2 A. No. Since Ameren Missouri was not constraining, or expecting to constrain,
3 its spending to meet the RES energy standards, there was no reasonable basis for expecting
4 that Ameren Missouri would under-invest in renewable energy. And again, no such
5 allegation was made in Ameren Missouri's recently-completed rate case.

6 **Q. Mr. Wilson further claims that the potential for under-investing puts at**
7 **risk financial benefits to customers from renewable energy. On what evidence does**
8 **Mr. Wilson base this claim?**

9 A. Mr. Wilson refers to reports from the states of Iowa and Illinois, going into
10 detail only on the Illinois report. That report indicates that addition of renewable resources
11 has reduced Locational Marginal Prices ("LMP"). Mr. Wilson concludes that this is an
12 indication that renewable resources reflect "lowered underlying electric energy cost drivers."

13 **Q. Do you agree with Mr. Wilson's conclusion?**

14 A. No. LMPs are a product of a competitive market for generation that reflects
15 the participants' marginal costs. To the extent any additional generation, renewable or
16 otherwise, is economic based only on its marginal costs, LMPs would be lower than they
17 would otherwise be as a reflection of the addition of such supply in the market. All other
18 things being equal, more supply means lower prices. Even the report cited by Mr. Wilson
19 agrees that the reduction in LMP is not merely because the generation is renewable, but
20 rather because it is additional, new generation. "Construction of new generating capacity,
21 whether renewable or non-renewable, has the effect of reducing market prices for both
22 energy and capacity by increasing the amount of available supply."⁹

⁹ Annual Report: The Costs and Benefits of Renewable Resource Procurement in Illinois Under the Illinois Power Agency and Illinois Public Utilities Acts, Illinois Power Agency, March 30, 2012, p. 18.

1 As to the underlying overall electric energy cost drivers, it is important to understand
2 that LMPs are only reflective of the marginal portion of the cost of resources in the market.
3 Specifically, they are reflective of the marginal costs of operation, primarily fuel costs.
4 Because there is no fuel cost for wind, its marginal cost of operation is essentially zero. The
5 capital costs for building that wind are not reflected in LMPs, making LMPs misleading at
6 best as an indicator of the full underlying costs of electricity to customers.

7 **Q. Wouldn't lowered LMPs still be a benefit to customers from the addition**
8 **of renewable resources that may not otherwise be developed?**

9 A. Not for Ameren Missouri's retail customers. Ameren Missouri is a net seller
10 of energy. If the LMPs, which are the prices at which Ameren Missouri can sell its energy in
11 the market, are reduced, the resulting reduction in revenue is largely shouldered by the retail
12 customers through Ameren Missouri's Net Base Fuel Costs and through its Fuel Adjustment
13 Clause ("FAC") because the off-system sales revenues that offset fuel costs in the FAC will
14 be lower, resulting in higher net fuel costs than would be experienced if LMPs were higher.
15 Therefore, Mr. Wilson's theory that these additional renewable energy resources would
16 benefit the Company's customers is incorrect.

17 **Q. Does Mr. Wilson provide a basis for his claim that developers of**
18 **renewable energy are harmed by the exclusion of the detailed 1% retail rate impact**
19 **limitation from Ameren Missouri's 2012 RES compliance plan?**

20 A. Mr. Wilson claims that by not including and disclosing the detailed
21 calculation that developers are harmed because of an inability to accurately plan for the
22 future of their business. He claims that the purpose of including the calculation in utilities'
23 RES compliance plans is to 1) provide financial transparency to the utilities' planning
24 process for their investments in renewable energy required by the RES, 2) provide renewable

1 energy companies with a basis on which to plan their business models, 3) prevent a “start-
2 stop” situation in utility renewable resource acquisition, 4) provide protection to ratepayers,
3 and 5) enable stakeholders to adequately plan for utility investments resulting from
4 compliance with the RES.

5 **Q. Does Mr. Prost provide similar reasoning for the need to supply the**
6 **detailed calculation?**

7 A. Yes. Mr. Prost’s testimony largely echoes that of Mr. Wilson with respect to
8 the reasons outlined above.

9 **Q. Do you agree with the reasons they claim are behind the inclusion of the**
10 **1% retail rate impact limitation in utilities’ RES compliance plans?**

11 A. Only with reason 4 – protection of ratepayers. The statute and the rule are
12 clear about the need for ratepayer protection with respect to the costs of RES compliance. I
13 can find no other basis in the statute, the rule, or in the Commission’s order of rulemaking for
14 including the calculation in RES compliance plans other than to indicate consideration of
15 ratepayer protection. While I am not an attorney, based on my experience working for
16 regulated utilities for over 20 years, I don't ever recall seeing a public utility regulatory
17 statute or rule that had as its purpose the promotion of business for an unregulated industry,
18 like for example the solar industry. I therefore conclude that there is no basis for their claims
19 that the calculation is required for anything else, much less the business planning of private,
20 unregulated businesses.

21 **Q. Even though the other reasons they give are not based in the language of**
22 **the statute or the rules, doesn’t the inclusion of the 1% retail rate impact limitation**
23 **provide them information they need to plan for their businesses?**

1 A. I don't know what further assurance they can take from the calculation that
2 they don't already have from the utilities' RES compliance plans. Each utility is required to
3 state what its specific plans are for meeting the RES standard for the current year and two
4 subsequent years at the time of each filing. This information is far more useful and reliable
5 to a renewable developer for planning than knowing the 1% limitation dollar amount – an
6 amount which may or may not be spent by the utility within any particular year and which
7 may be spent in any number of ways on any number of renewable energy resources.

8 For example, Ameren Missouri's 2012 RES compliance plan indicated that the RES
9 compliance costs were expected to be well within even a conservative estimate of the 1%
10 limitation. The plan indicated that the Company would meet the RES energy standards
11 through Renewable Energy Credits ("REC"s) generated by existing resources, market
12 purchases, completion of the Company's Maryland Heights landfill gas project, and a
13 possible utility-scale solar installation. These plans remained largely unchanged in the
14 Company's 2013 RES compliance plan filed earlier this year.

15 **Q. Is there any uncertainty as to the costs to be incurred to comply with the**
16 **RES that may result in a change in the utility's expectation with regard to the 1% retail**
17 **rate impact limitation?**

18 A. Of course. One of the biggest uncertainties, which has emerged recently, is
19 the amount paid out for solar rebates. There are other uncertainties that are inherent to a
20 calculation that rely on planned and forecasted information – resource costs, market prices,
21 availability of RECs in the open market, for example – but the rapid increase in the level of
22 customer solar installations and associated applications for rebates is beyond what any
23 utilities expected and is reflective of the limitation of forecasts used in meeting RES
24 compliance.

1 **Q. Should the utilities have expected this increase?**

2 A. I don't believe so, at least not to the degree it has happened. Ameren Missouri
3 received no comments on its 2012 RES compliance plan indicating that its forecast of solar
4 rebates was understated. To my knowledge, we have received no such comments on our
5 2013 RES compliance plan. Even if we had received such comments, Ameren Missouri has
6 little influence on the extent to which customers choose to install solar generation and apply
7 for the mandated rebates. To the extent spending to comply with the RES may have to be
8 restricted in the near-term, it would be largely due to the success the solar developers have
9 had in installing customer-owned systems.

10 **Q. Are utilities in any way obligated to provide renewable energy developers**
11 **information that would be useful in planning for their business?**

12 A. As I alluded to earlier, only that which is required by statute or Commission
13 rule, which in turn must be supported by statute. While other information may be useful, the
14 utility is under no obligation to provide such information to renewable developers or any
15 other type of business. For example, if Ameren Missouri were considering whether to build
16 new gas-fired generating resources, engineering firms and contractors might find that useful
17 information that could be included in their future business plans. However, Ameren
18 Missouri is under no obligation to provide such information and may be unwilling to do so or
19 even be restricted from doing so for competitive reasons.

20 **Q. Please explain what you mean when you say that providing this**
21 **information must be restricted for "competitive reasons."**

22 A. Ameren Missouri, and all utilities in Missouri, must provide detailed
23 information to the Commission and its Staff as needed so that the Commission can fulfill its
24 role as a utility regulator. However, the Commission has long recognized that certain

1 information needs to be protected from public view (and from the view of the employees of
2 certain intervenors) so as not to provide other companies (such as suppliers which sell to the
3 utility) with information that would advantage them in a way that could ultimately raise
4 customer rates which are driven by, among other things, future capital investments or the
5 need for other goods and services.

6 As stated by the Office of the Public Counsel in the Commission's rulemaking on
7 confidentiality,

8 Public Counsel recognizes the delicate balance at work here.
9 On one hand, the consumer and the public have a right and need
10 to have a public and open decision-making process based on
11 publicly available records and documents. On the other hand,
12 the utilities have a real and vital interest to protect proprietary
13 and highly confidential information where public disclosure
14 may not only be detrimental to their business interests, but could
15 have an adverse effect on rates.¹⁰
16

17 **Q. Are there any other reasons such information should be kept**
18 **confidential?**

19 A. Yes. The Company's RES compliance model by its very nature includes
20 forward-looking financial information, primarily estimates of annual revenue requirements.
21 Such information is not disclosed publicly. If the disclosures were made public, it could
22 influence trading in the Company's securities and would require Ameren Missouri to make
23 additional disclosures to the Securities and Exchange Commission.

24 **Q. Could you summarize your conclusions?**

25 A. Ameren Missouri has, to the best of its ability, complied with the reporting
26 requirements of 4 CSR 240-20.100. The calculation performed ensured that Ameren
27 Missouri did not reach the 1% limitation in its RES compliance expenditure and, for that

¹⁰ File No. AX-2003-0404; Letter from the Office of the Public Counsel, August 2, 2006.

1 reason, the Commission should grant the variance request that remains outstanding. Beyond
2 ensuring the utility does not exceed the 1% limitation, there is no other reason to require the
3 Company to redo the calculation using a different methodology. Further, Ameren Missouri
4 has provided the calculation under the Commission's rules for its 2013 filing and intends to
5 continue doing so in the future. The assertions made by Mr. Wilson and Mr. Prost are
6 without merit and should not serve as the basis for any Commission action in this matter.

7 **Q. Does this conclude your rebuttal testimony?**

8 A. Yes, it does.

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

EARTH ISLAND INSTITUTE d/b/a)	
RENEW MISSOURI, et al.,)	
)	
Complainants,)	
)	
v.)	Case Nos. EC-2013-0379
)	EC-2013-0380
UNION ELECTRIC COMPANY d/b/a)	EC-2013-0381
AMEREN MISSOURI, et al.,)	EC-2013-0382
)	
Respondent.)	

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 work in the City of St. Louis, Missouri, and I am employed by Ameren Services Company as a Corporate Analysis Manager in the Commercial Transactions Department.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Ameren Missouri consisting of 18 pages, and Schedule(s) N/A, 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 9th day of August, 2013.


Notary Public

My commission expires:

