

AmerenUE's Response to
State of MO - Atty General Data Request
MPSC Case No. ER-2007-0002
AmerenUE's Tariff Filing to Increase Rates for Electric Service
Provided to Customers in the Company's Missouri Service Area

FILED³

APR 25 2007

Missouri Public
Service Commission

Requested From: Mike Brosch

Data Request No. AG/UTI-078

Ref. Direct Testimony of Shawn Schukar, page 14 (Off-system Sales Normalization) According to the testimony, I applied the mathematical results of the regression analysis to 2005 off-peak prices from the first half of the year to calculate normalized off-peak power prices for the second half of the year, which in effect then excludes the impact of the rail transportation disruption. I Please provide the following:

- a. Please provide a complete copy of all input data, calculations and electronic files supportive of this normalization adjustment.
- b. Explain the basis for the statement at page 13, I coal is almost always on the margin in the off-peak periods of the last six months of the year.
- c. State whether Mr. Schukar agrees with Mr. Neff's testimony at page 3 that I Like all energy commodities, the price of coal has increased significantly since the prior 2001 test year I for UE and other electric utilities in the off-system sales markets.
- d. Does Mr. Schukar believe that any increasing trend in off-system sales prices in off-peak periods has occurred historically, as a result of increases in coal fuel commodity prices?
- e. For what reasons does Mr. Schukar recommend using historical average off-system sales market prices for the period 2003-2005, with adjustment for rail transportation disruption, but with no escalation in such prices to account for increasing fuel commodity price trends associated with coal?

Response:

- a. The calculations associated with this were included in the file Offpeak Regression - Coal Conservation (2).xls which was included in my work papers. Additional price data that was utilized are included in the attached file "Offpeak Regression Analysis and the associated Data.xls".
- b. It has been my experience that in the Midwest energy market coal fired generation generally supplies the marginal energy during the off-peak hours.
- c. I agree as stated by Mr. Neff that in general energy commodities have seen an increase in price since 2001.
- d. The price of coal is one of the factors that would affect energy prices in the off-peak period. Absent other changes in market fundamentals such as availability of other base load resources such as hydro and nuclear, efficiency changes, and market effectiveness, increases in coal fuel commodity prices would be associated with increases in off-peak energy prices
- e. I recommend utilizing the market prices for the period 2003 - 2005 with adjustments for the rail disruptions because it is my belief that the period 2003 - 2005 with the named adjustment provide an appropriate market price associated with the test year and would reasonably represent market prices going forward. This was determined by looking at the market price trends associated with energy and fuel shown in my testimony. I did not utilize earlier periods such as 2001 and 2002 because of the lower market prices associated with the earlier years precisely because of the issue identified in the question.

Prepared By: Shawn Schukar
Title: VP Ameren Energy
Date: November 13, 2006

~~HIGHLY CONFIDENTIAL~~

State Exhibit No. 512
Date 3-15-07 Case No. ER-2007-0002
Reporter XF