

Exhibit No.:
Issues: Spot Market Energy Prices
Witness: Erin L. Maloney
Sponsoring Party: MO PSC Staff
Type of Exhibit: Supplemental Rebuttal
Testimony
Case No.: ER-2010-0036
Date Testimony Prepared: February 26, 2010

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SUPPLEMENTAL REBUTTAL TESTIMONY

OF

ERIN L. MALONEY

UNION ELECTRIC COMPANY d/b/a AMERENUE

CASE NO. ER-2010-0036

**Jefferson City, Missouri
February 2010**

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

In the Matter of Union Electric Company)
d/b/a AmerenUE's Tariffs to Increase its)
Annual Revenues for Electric Service.)

Case No. ER-2010-0036

AFFIDAVIT OF ERIN L. MALONEY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Erin L. Maloney, of lawful age, on her oath states: that she has participated in the preparation of the following Supplemental Rebuttal Testimony in question and answer form, consisting of 3 pages of Supplemental Rebuttal Testimony to be presented in the above case, that the answers in the following Supplemental Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.


Erin L. Maloney

Subscribed and sworn to before me this 26th day of February, 2009.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


Notary Public

1
2
3
4
5
6
7
8
9
10
11
12

SUPPLEMENTAL REBUTTAL TESTIMONY

OF

ERIN L. MALONEY

UNION ELECTRIC COMPANY d/b/a AMERENUE

CASE NO. ER-2010-0036

13 Q. Please state your name and business address?

14 A. Erin L. Maloney, P.O. Box 360, Jefferson City, Missouri, 65102.

15 Q. Are you the same Erin L. Maloney who contributed to the Missouri Public
16 Service Commission Staff Revenue Requirement and Cost of Service Report (Staff
17 Report) filed on December 18, 2009?

18 A. Yes.

19 Q. What is the purpose of this testimony?

20 A. This testimony corrects an error in Staff's calculation of the spot market
21 energy (normalized hourly purchased power) prices Staff used in its fuel run to calculate
22 AmerenUE's fuel and purchased power expense for purposes of Staff's determination of
23 AmerenUE's revenue requirement in this case.

24 Q. What was the error?

25 A. Inadvertently Staff used incorrect normalization factors when calculating
26 the spot market energy prices it used as inputs into its fuel run.

27 Q. Would you explain?

28 A. Each month the electric utilities this Commission rate regulates, including
29 AmerenUE, provide to Staff data from which Staff can calculate an average purchased
power price for each hour of that month. In this case Staff used the three most recent

1 years of average hourly purchased power prices, based on AmerenUE data, to develop
2 factors it then used to normalize the average hourly purchased power price of each hour
3 in the modified year Staff used—the twelve month ended July 31, 2009. The results of
4 this process are Staff's spot market energy prices which are used as inputs into Staff's
5 fuel runs. While preparing to apply this same normalization procedure to the new true-up
6 data, I discovered that the monthly peak and off-peak prices Staff used in its fuel run did
7 not equal the three year average hourly price. This means there was an error in the
8 calculation of the normalization factors. The error resulted in the spot energy prices Staff
9 used in its fuel run for its direct case being too low and Staff's determination of
10 AmerenUE's fuel and purchased power expense being too high.

11 Q. What has Staff done to correct this error?

12 A. Staff has recalculated its normalization factors and verified them.

13 Q. What impact did the corrected normalization factors have on Staff's
14 determination of AmerenUE's fuel and purchased power expense?

15 A. Staff used the corrected spot energy prices as inputs into the RealTime™
16 production cost model without changing the other inputs it used to calculate AmerenUE's
17 fuel and purchased power expense for purposes of Staff's determination of AmerenUE's
18 revenue requirement in its direct case filed December 18, 2009. The new model runs
19 show that the correction caused an increase in the fuel and purchased power expense for
20 AmerenUE to meet its retail and wholesale loads of approximately \$1.7 million.
21 However, when modeled with off-system sales, which are netted against fuel and
22 purchased power costs, the correction caused a net decrease in Staff's determination of
23 AmerenUE's fuel and purchased power expense of \$39.3 million.

Supplemental Rebuttal Testimony of
Erin L. Maloney

1 Q. What is the impact of this correction on Staff's determination of
2 AmerenUE's revenue requirement in this case?

3 A. It reduces it by \$39.3 million, before the approximate 95% allocation to
4 Missouri jurisdictional retail operations.

5 Q. Is Staff proposing or making any change to the methodology it used in its
6 direct case to develop the spot market energy prices it is using as inputs into the
7 RealTime™ production cost model?

8 A. No.

9 Q. Will you be updating the spot energy market prices again through January
10 31, 2010, the end of the ordered true-up period?

11 A. Yes.

12 Q. Does this conclude your supplemental rebuttal testimony?

13 A. Yes.