

Exhibit No.:
Issues: Spot Market Prices
Witness: Erin L. Maloney
Sponsoring Party: MO PSC Staff
Type of Exhibit: Rebuttal Testimony
File No.: ER-2010-0356
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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

ERIN L. MALONEY

KCP&L GREATER MISSOURI OPERATIONS COMPANY

FILE NO. ER-2010-0356

**Jefferson City, Missouri
December 2010**

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

In the Matter of the Application of)
KCP&L Greater Missouri)
Operations Company for Approval)
to Make Certain Changes in its)
Charges for Electric Service)

File No. ER-2010-0356

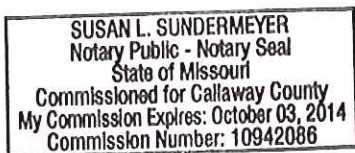
AFFIDAVIT OF ERIN L. MALONEY

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 Rebuttal Testimony in question and answer form, consisting of 2 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following 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 15th day of December, 2010.




Notary Public

Rebuttal Testimony of
Erin L. Maloney

1 forecasted loads and forecasted fuel prices as well as a host of other forecasted inputs to
2 develop their prices.

3 Q. Why does Staff believe that an analysis based on historical test year data is a
4 better approach than an analysis based on forecasted data?

5 A. Fundamental to Staff's approach to the ratemaking process is the idea that
6 analyses based on historical test year data provide the best prediction of what may occur in
7 the future. The spot market prices developed by Staff reflect the conditions of the power
8 market as it existed in the test year with adjustments made for known and measurable changes
9 including actual fuel prices, transmission constraints and other factors. The Company is
10 attempting to simulate these conditions with their price model using forecasted loads, fuel
11 prices, transmission constraints, as well as other forecasted inputs. The Company's resulting
12 forecast is as Mr. Crawford states on page 4, line 11, of his direct testimony "...only as good
13 as the input assumptions." Each forecasted input introduces another level of possible
14 inaccuracy. The use of historical data eliminates the introduction of these inaccuracies while
15 still reflecting historical market conditions and hence is a more accurate and reliable method
16 for determining spot market prices.

17 Q. What is your recommendation?

18 A. The Commission should adopt Staff's methodology for determining spot
19 market prices.

20 Q. Does this conclude your rebuttal testimony?

21 A. Yes.