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

Date Testimony Prepared: December 15, 2010

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 Applicat KCP&L Greater Missouri Operations Company for Appleto Make Certain Changes in Charges for Electric Service	proval)	File No. ER-20	10-0356	
AFFIDAVIT OF ERIN L. MALONEY				
STATE OF MISSOURI)) ss)			
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 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. Malor	aly	
Subscribed and sworn to before me this 15th day of December, 2010.				
SUSAN L. SUNDERMEYE Notary Public - Notary Se State of Missouri Commissioned for Callaway My Commission Expires: October Commission Number: 1094	County 03, 2014	Musan Ma Notary Public	indermeyer	

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REBUTTAL TESTIMONY

OF

ERIN L. MALONEY

KCP&L GREATER MISSOURI OPERATIONS COMPANY

FILE NO. ER-2010-0356

- Q. Please state your name and business address.
- A. My name is Erin L. Maloney. My business address is, P.O. Box 360, Jefferson City, Missouri, 65102.
- Q. Are you the same Erin L. Maloney who contributed to the Missouri Public Service Commission Staff's (Staff) Cost of Service Report (Staff Report) filed on November 17, 2010?
 - A. Yes.
 - Q. What is the purpose of your rebuttal testimony?
- A. The purpose of this testimony is to respond to the Direct Testimony of KCP&L Greater Missouri Operations Company (Company) witness Burton L. Crawford regarding the development of spot market power prices and to recommend that Staff's methodology be used to determine spot market prices in this case.
 - Q. How does Staff's methodology differ from the Company's?
- A. The main difference is the use of historical data as opposed to forecasted data. Staff used the historical weather adjusted loads and a truncated normal distribution of historical market prices for both the Company and Kansas City Power & Light Company to develop a set of spot market prices that reflect prices in the region. The Company used

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

- Q. Why does Staff believe that an analysis based on historical test year data is a better approach then an analysis based on forecasted data?
- Fundamental to Staff's approach to the ratemaking process is the idea that A. analyses based on historical test year data provide the best prediction of what may occur in the future. The spot market prices developed by Staff reflect the conditions of the power market as it existed in the test year with adjustments made for known and measurable changes including actual fuel prices, transmission constraints and other factors. The Company is attempting to simulate these conditions with their price model using forecasted loads, fuel prices, transmission constraints, as well as other forecasted inputs. The Company's resulting forecast is as Mr. Crawford states on page 4, line 11, of his direct testimony "...only as good Each forecasted input introduces another level of possible as the input assumptions." inaccuracy. The use of historical data eliminates the introduction of these inaccuracies while still reflecting historical market conditions and hence is a more accurate and reliable method for determining spot market prices.
 - Q. What is your recommendation?
- A. The Commission should adopt Staff's methodology for determining spot market prices.
 - Does this conclude your rebuttal testimony? Q.
 - A. Yes.