

Exhibit No.:
Issue: OSS Margin and Purchase
Power Expense
Market Energy Prices;
Bilateral Transactions;
Financial Swaps;
Forecasting Deviations
Witness: Erin L. Maloney
Sponsoring Party: MO PSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2012-0258
Date Testimony Prepared: January 16, 2015

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

REBUTTAL TESTIMONY

OF

ERIN L. MALONEY

UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

CASE NO. ER-2014-0258

Jefferson City, Missouri
January 2015

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


In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariff to Increase)
Its Revenues for Electric Service)

Case No. ER-2014-0258

AFFIDAVIT OF ERIN L. MALONEY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

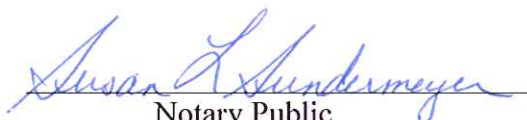
Erin L. Maloney, of lawful age, on her oath states: that she has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 3 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given 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 16th day of January, 2015.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 28, 2018
Commission Number: 14942086



Notary Public

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **ERIN L. MALONEY**

4 **UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI**

5 **CASE NO. ER-2014-0258**

6 Q. Please state your name and business address?

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

8 Q. Are you the same Erin L. Maloney who contributed to the Missouri Public
9 Service Commission Staff Revenue Requirement and Cost of Service Report (Staff Report)
10 filed on December 5, 2014?

11 A. Yes.

12 Q. What is the purpose of this rebuttal testimony?

13 A. The purpose of this rebuttal testimony is to discuss and explain the corrections
14 that Staff has made with regard to market energy prices used as inputs in the Staff's
15 production cost model to determine off-system sales margins and purchased power expense.
16 This testimony also addresses corrections to the calculation of margins on bilateral sales
17 transactions and revenues received from financial swaps. In addition, I will discuss Staff's
18 inclusion of an adjustment to the fuel model results associated with generation and load
19 forecasting deviations. Finally, this testimony is to inform the Commission that Ameren
20 Missouri, Staff and the Missouri Industrial Energy Consumers ("MIEC") have discussed these
21 issues at length and Staff believes that these three parties have entered into a verbal agreement
22 in principal to resolve these four issues.

Rebuttal Testimony of
Erin L. Maloney

1 Q. How has the Staff revised its calculation of market energy prices that are used
2 as inputs into the Staff's production cost model?

3 A. Staff revised the calculation of market energy prices by excluding several non-
4 relevant locational marginal price nodes and by eliminating a step that sorts the prices
5 according to the Company's peak load. The Staff will use these revised market energy prices
6 to calculate off-system sales revenues and purchased power expense as part of Staff's
7 production cost model.

8 Q. What correction has the Staff made to the calculation of margins associated
9 with bilateral sales transactions that were previously described in the Staff Report?

10 A. Staff made an error in the calculation of bilateral sales margins in the direct
11 filing in this case. Originally Staff presented the revenues from these sales without excluding
12 the costs to the company that enable the Company to make these sales.

13 Q. What is Staff's position concerning the revenues that Ameren Missouri
14 generates associated with financial swaps that it enters into?

15 A. Staff maintains the position that an adjustment to the fuel model result should
16 be made to reflect these revenues.

17 Q. Please describe what the generation and load forecasting error adjustment
18 represents and explain why Staff now supports the inclusion of this adjustment to the fuel
19 model output to account for this cost?

20 A. The generation and load forecasting error adjustment represents the dollar
21 amount difference for those transactions that take place in the real-time market instead of the
22 day-ahead market. Staff's fuel model uses day-ahead market energy prices to economically
23 dispatch the Company's generation fleet; it does not model the two day market. Therefore,

Rebuttal Testimony of
Erin L. Maloney

1 the fuel model does not capture the fact that a certain percentage of generation sales and load
2 purchases occur at real-time prices.

3 Q. What is the dollar amount of the adjustment to the fuel model output regarding
4 these four issues as a result of these corrections?

5 A. Staff now supports a positive revenue adjustment to off-system sales margins
6 of \$4.0 million to account for bilateral margins, financial swaps, and generation and load
7 forecast deviations.

8 Q. Does the staff believe that the parties that have sponsored fuel model results in
9 this rate case have come to an agreement with regard to the ratemaking treatment for each of
10 these four issues?

11 A. Yes. The Staff, the Company, and the MIEC have discussed these issues at
12 length and Staff believes these three parties have agreed in principle to settle these issues.
13 The Staff will continue towards the goal of finalizing a stipulation and agreement to resolve
14 fuel expense, purchased power expense, off-system sales, bilateral sales, financial swaps and
15 generation load forecasting deviation costs. The Staff would point out to the Commission, at
16 the time of this rebuttal testimony filing, the Sierra Club still has a disagreement with Ameren
17 Missouri with regard to the recovery of off-system sales related to Ameren Missouri
18 generation plants.

19 Q. Does this conclude your rebuttal testimony?

20 A. Yes, it does.