

Exhibit No.:
Issues: Weather Normalization
Witness: Walt Cecil
Sponsoring Party: MO PSC Staff
Type of Exhibit: Rebuttal Testimony
File No.: ER-2011-0028
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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

WALT CECIL

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

FILE NO. ER-2011-0028

*Jefferson City, Missouri
March 2011*


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

In the Matter of Union Electric Company)
d/b/a AmerenUE's Tariff to Increase Its) File No. ER-2011-0028
Annual Revenues for Electric Service)

AFFIDAVIT OF WALT CECIL

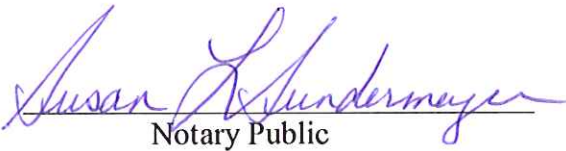
STATE OF MISSOURI)
)**ss**
COUNTY OF COLE)

Walt Cecil, of lawful age, on his oath states: that he has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 4 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.


_____ **Walt Cecil**

Subscribed and sworn to before me this 24th day of March, 2011.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 03, 2014 Commission Number: 10942086
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_____ **Notary Public**

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **WALT CECIL**

4 **UNION ELECTRIC COMPANY**

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13 Q. Please state your name and business address.

14 A. Walt Cecil, 200 Madison Street, Jefferson City Missouri 65101.

15 Q. By whom and in what capacity are you employed?

16 A. I am a Regulatory Economist employed by the Missouri Public Service
17 Commission (MoPSC or Commission).

18 Q. Are you the same Walt Cecil that contributed to Staff's Cost of Service Report
19 previously filed in this case?

20 A. Yes, I am.

21 Q. What is your purpose in filing this rebuttal testimony?

22 A. I explain why Staff analyzed a different time interval than the one used by
23 Union Electric Company d/b/a Ameren Missouri (Ameren Missouri) to weather normalize
24 usage. I also explain why a weather normalization adjustment should not be made to the
25 usage for the Large Power class (LP) and the industrial component of the Large General
26 Services class (LGS-I).

27 Q. Why did Staff choose a different time interval than Ameren Missouri upon
28 which to base its analysis for the weather normalization of usage?

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1 A. The objective of weather normalization of usage is to adjust for changes in
2 usage resulting from daily fluctuations in weather. Other adjustments such as the 365 days
3 adjustment and annualization adjustments are also made to usage.

4 However, before any analysis is done, Staff examines class level daily usage
5 information. Staff plots daily usage against the two-day weighted mean temperature for each
6 of the customer classes served by Ameren Missouri for the period January 2008 through July
7 2010. These plots revealed that the general level of class usage was changed from January
8 2008 through July 2010. Customarily, Staff analyzes daily class usage over an interval of at
9 least two years in duration to determine a weather response function to normalize usage since
10 typically more data results in a better model; however, based on the plots, Staff concluded,
11 that because the usage changed so much, a better indicator would be found in the most recent,
12 available 12 months of data. Schedule WC-1 contains a plot of the Small Power Service
13 (SPS) class' weekday energy load against the two-day weighted mean temperature for the
14 period January 2008 through July 2010.

15 Q. What does the plot in Schedule WC-1 reveal?

16 A. This plot shows the daily usage of SPS customers in 2008 is higher than that of
17 the 2009/2010 period. It appears the usage of the SPS class has changed between 2008 and
18 2009/2010 for a reason other than a change in the two-day weighted mean temperature. To
19 include 2008 data in Staff's analysis would include effects of the previous process
20 determining usage into the 2009/2010 process and in Staff's estimation, overstate any
21 inferences drawn there from.

22 Q. Did the other rate classes experience similar changes in usage as that
23 experienced by SPS and demonstrated in Schedule WC-1 for SPS?

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1 A. Yes. The SPS plot was chosen because it demonstrates the change in usage
2 clearly but the same phenomena compelling the change in usage experienced by SPS was
3 experienced by the other classes.

4 Q. Why should a weather normalization adjustment not be made to the usage of
5 the LP class?

6 A. The LP class is composed of a relatively small number of businesses that
7 consume very large amounts of electricity but whose operations and business plans differ
8 from one another. Some are more active when the weather is warm while others are more
9 susceptible to economic forces and are active when business is good regardless of the time of
10 year. For example, a university is actively operating during the fall, spring and summer
11 sessions, a lead mine/smelter will produce lead whenever the market demands lead whatever
12 the weather; and, a hospital does not close.

13 Q. Did Staff perform the same weather normalization of usage analysis for LP
14 that it did for the other classes?

15 A. Staff analyzed LP usage to determine if there was a significant weather
16 response. Staff's results did not show a significant weather response. It did show LP's usage
17 correlates directly with the time of the year (summer vs. non-summer) and the day of the
18 week.

19 Q. Did Staff perform other analysis on the LP class?

20 A. Yes. The LP class' load is annualized on an individual customer basis. This
21 annualization is conducted by Staff witness Dr. Seoung Joun Won.

22 Q. Can Staff weather normalize a LP class that has been annualized?

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1 A. Once the annualization is performed, estimated load data either replaces or
2 corrects observed or missing data. To weather normalize usage of that estimated data would
3 be to create weather response estimates on estimated data. Conclusions drawn from
4 inferences based on estimated data would give results that would be difficult to support.

5 Q. Why didn't Staff weather normalize usage for the industrial customer
6 component of the Large General Services (LGS-I) class?

7 A. The industrial component and the commercial component of the LGS class
8 were separately analyzed. The results of that analysis showed the industrial customer
9 component of the LGS load was not subject to daily fluctuations in the two-day weighted
10 mean temperature but was subject to the day of the week. Having found no evidence to
11 support a load-temperature relationship, Staff did not weather normalize usage for the
12 industrial component of the LGS class.

13 Q. Does this conclude your rebuttal testimony?

14 A. Yes, it does.

Ameren Small Power Service Weekday Energy versus Two-Day Weighted Mean Temperature
January 1, 2008 - July 31, 2010

