

Exhibit No. 163

Exhibit No.:
Issue(s): *Market Prices*
Witness: *Justin Tevie*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *ER-2022-0337*
Date Testimony Prepared: *January 10, 2023*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF AND RATE DESIGN DEPARTMENT

**DIRECT TESTIMONY
Revenue Requirement**

OF

JUSTIN TEVIE

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

CASE NO. ER-2022-0337

*Jefferson City, Missouri
January 2023*

1 **DIRECT TESTIMONY OF**

2 **JUSTIN TEVIE**

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

5 **CASE NO. ER-2022-0337**

6 Q. Please state your name and business address.

7 A. My name is Justin Tevie, 200 Madison Street, Jefferson City, MO 65102.

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

9 A. I am employed by the Missouri Public Service Commission (“Commission”) as
10 an Economics Analyst for the Tariff and Rate Design Unit, of the Industry Analysis Division
11 of the Commission Staff.

12 Q. Please describe your educational and work background.

13 A. In 2013, I obtained a graduate degree in Economics from the University of New
14 Mexico and have experience in academic research. In 2019, I joined the Missouri Department
15 of Mental Health as a Research Analyst assisting with data analysis and federal reporting. Prior
16 to that, I was a Forecast Analyst at Department of Social and Health Services in the State of
17 Washington assisting with forensic caseload forecasting and reporting.

18 Q. Have you previously testified before the Commission or any other regulatory
19 agency?

20 A. No.

21 Q. What is the purpose of your direct testimony?

22 A. The purpose of my testimony is to describe the methodology for calculating
23 market prices used in the fuel model.

24 Q. What are market prices?

1 A. The market price represents the dollar-per-megawatt-hour amount paid for
2 electric energy in the Midcontinent Independent System Operator (MISO) market in any given
3 hour. MISO day-ahead market prices vary by location and time as well as variations in load
4 and generation throughout the MISO footprint.

5 Q. Why did Staff review market prices in the context of this case?

6 A. The market price serves as a key input in the fuel-cost model. For each hour, the
7 fuel model is programmed to economically dispatch each unit based on inputs provided. The
8 market price therefore sets the marginal generator, determines which of the Company's
9 generators will run, and eventually the revenue from those generators.

10 Q. How did Staff develop the market prices utilized in the Staff fuel model?

11 A. Staff developed a normalized set of prices by looking at the three years of data
12 ending June 2022 and calculating monthly peak and off-peak price adjustment factors, as well
13 as hourly production-weighted average market prices. Generally, Staff calculated peak and off-
14 peak adjustment factors for each month based on the ratio of the three-year averages to the
15 monthly averages for the update period.¹ The adjustment factors were then applied to the
16 production hourly-weighted average market price for Ameren Missouri's generation fleet to
17 obtain the array of prices to be used in the model. This method minimizes extreme price points
18 –outliers and other influential values that may not be representative of normal market conditions
19 that could skew the results- caused by such things as weather, new market operation, and
20 economic downturns, while reasonably representing peak and off peak prices. To derive the
21 final array of prices to be used in the fuel-cost model the dataset was restricted to the 12 months

¹ The update period is the 12 months ending June 2022

1 ending June 2022, which is re-arranged to generate a matrix of hourly prices for each day of
2 the year.

3 Here, the market prices from April-June of 2022 were relatively higher than price data
4 in previous years for the same time-period. Staff surmised that there may be contributory factors
5 associated with the market prices during April-June of 2022, including problems with supply
6 chain and the early onset of summer temperatures in June. Once Staff is provided the market
7 price data through the end of the true-up period, Staff will consider market trends along with
8 additional evidence provided by other parties of this case to decide if additional adjustments to
9 market prices are necessary.

10 Q. Does Staff expect to update the market price assumptions for the true-up period² in
11 this case?

12 A. Yes

13 Q. Does this conclude your direct testimony?

14 A. Yes, this concludes my testimony.

² The true-up period is the 12 months ending December 2022

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Adjust)
Its Revenues for Electric Service) Case No. ER-2022-0337

AFFIDAVIT OF JUSTIN TEVIE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW JUSTIN TEVIE and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony of Justin Tevie*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.




JUSTIN TEVIE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 9th day of January 2023.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: April 04, 2025 Commission Number: 12412070



Notary Public