Exhibit No.: *088*
Issues: Updated Production Cost
    Model Results
Witness: Timothy D. Finnell
Sponsoring Party: Union Electric Company
Type of Exhibit: Surrebuttal Testimony
Case No.: ER-2007-0002
Date Testimony Prepared: February 27, 2007

# MISSOURI PUBLIC SERVICE COMMISSION

## CASE NO. ER-2007-0002

SURREBUTTAL TESTIMONY

OF

TIMOTHY D. FINNELL

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a AmerenUE

St. Louis, Missouri
February, 2007

| 1 | | SURREBUTTAL TESTIMONY |

| 2 | | OF |

| 3 | | TIMOTHY D. FINNELL |

| 4 | | CASE NO. ER-2007-0002 |

5    Q.    Please state your name and business address.

6    A.    My name is Timothy D. Finnell. My business address is One Ameren Plaza,

7    1901 Chouteau Avenue, St. Louis, Missouri 63166-6149.

8    Q.    Are you the same Timothy D. Finnell that filed Direct and Rebuttal

9    Testimony in this proceeding?

10    A.    Yes, I am.

11    Q.    What is the purpose of your Surrebuttal Testimony in this proceeding?

12    A.    I am updating AmerenUE's fuel costs, variable purchase power costs, and off-

13    system sales revenues and margins in part to reflect a number of corrections agreed upon

14    with the Commission's Staff.

15    Q.    Why are these costs being updated?

16    A.    These costs are being updated due to changes in the following assumptions:

17    (1) updated monthly sales and losses, (2) updated coal costs and nuclear fuel costs, (3)

18    updated off-system energy prices, and (4) updated equivalent availability factors for the coal

19    units.

20    Q.    What changes were made to the monthly sales and losses?

21    A.    AmerenUE has agreed to use the updated sales and loss data developed by

22    Staff witness Mr. Shawn Lange for the twelve-month period ending June 2006. The monthly

23    sales and losses are being used in the Staff's calculation of the fuel costs, variable purchase

1    power costs, and off-system sales revenues. The sales and losses were updated after errors

2    were discovered in the sales and losses initially used by the Staff. The Company and Staff

3    worked together to correct those errors, resulting in an agreement on the sales and losses to

4    be used in both the Company's and Staff's calculation of fuel costs, variable production

5    costs, and off-system sales revenues.

6    **Q.    How did the new sales and losses affect the Company's production cost**

7    **modeling?**

8    A.    Substantially more MWhs (approximately 590,000 MWhs) were needed to

9    serve native load which reduced MWhs available for off-system sales by a similar volume

10    (590,000 MWhs).

11    **Q.    What changes were made to the coal and nuclear fuel costs?**

12    A.    The coal costs were updated to reflect the January 1, 2007 true-up coal costs.

13    The true-up coal costs have been reviewed by Staff witness John Cassidy and are being used

14    in the Staff's calculation of the fuel costs, variable purchase power costs and off-system sales

15    revenues. The nuclear fuel costs are based on the nuclear fuel costs contained in AmerenUE

16    witness Randall Irwin's Surrebuttal Testimony.

17    **Q.    What changes were made to the off-system sales energy prices?**

18    A.    The off-system energy prices are based on the analysis of off-system energy

19    prices from AmerenUE witness Mr. Shawn Schukar and reflect the adjustments and

20    corrections made to Staff witness Michael Proctor's prices, as initially addressed in Mr.

21    Schukar's January 31, 2007 Rebuttal Testimony. This results in an increase over the

22    normalized level of off-system sales prices originally sponsored by Mr. Schukar.

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1    **Q.    What updates were made to the equivalent availability factors for the**

2    **coal units?**

3    A.    We compared the six-year average (2000-2005) equivalent availability against

4    the equivalent availability from the Company's PROSYM model and found a small

5    difference between the two calculations. We have updated the PROSYM model inputs so

6    that the model hits the new equivalent availability targets. The six-year average equivalent

7    availabilities were reviewed by Staff witness John Cassidy and will also be used as

8    equivalent availability targets for the Staff's production cost model.

9    **Q.    What are the updated fuel costs, purchase power cost, and off-system**

10    **sales revenues based on the changes previously described?**

11    A.    The fuel costs are $586 million, the purchase power costs are $28 million, the

12    off-system sales revenues are $311 million, and the off-system sales margins are $185

13    million.

14    **Q.    Does this conclude your Rebuttal Testimony?**

15    A.    Yes, it does.

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

In the Matter of Union Electric Company )
d/b/a AmerenUE for Authority to File )
Tariffs Increasing Rates for Electric )    Case No. ER-2007-0002
Service Provided to Customers in the )
Company's Missouri Service Area. )

## AFFIDAVIT OF TIMOTHY D. FINNELL

STATE OF MISSOURI )
) ss
CITY OF ST. LOUIS )

Timothy D. Finnell, being first duly sworn on his oath, states:

1.    My name is Timothy D. Finnell. I work in St. Louis, Missouri and I am

employed by Ameren Services Company as Supervising Engineer, Pricing and Analysis.

2.    Attached hereto and made a part hereof for all purposes is my Surrebuttal

Testimony on behalf of Union Electric Company d/b/a AmerenUE consisting of _3_

pages, which has been prepared in written form for introduction into evidence in the

above-referenced docket.

3.    I hereby swear and affirm that my answers contained in the attached

testimony to the questions therein propounded are true and correct.

_Timothy D. Finnell_
Timothy D. Finnell

Subscribed and sworn to before me this 2ḃ day of February, 2007.

_Carolyn J. Woodstock_
Notary Public

My commission expires: May 19, 2008