

Exhibit No.:
Issues: Updated Production Cost
Model
Witness: Timothy D. Finnell
Sponsoring Party: Union Electric Company
Type of Exhibit: Supplemental Direct Testimony
Case No.: ER-2007-0002
Date Testimony Prepared: September 29, 2006

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2007-0002

SUPPLEMENTAL DIRECT TESTIMONY

OF

TIMOTHY D. FINNELL

ON

BEHALF OF

**UNION ELECTRIC COMPANY
d/b/a AmerenUE**

**St. Louis, Missouri
September, 2006**

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	PURPOSE OF TESTIMONY	1
III.	COST UPDATES	1
IV.	CORRECTION TO SCHEDULE TDF-7-1	3

1 **SUPPLEMENTAL DIRECT TESTIMONY**

2 **OF**

3 **TIMOTHY D. FINNELL**

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

5 **I. INTRODUCTION**

6 **Q. Please state your name and business address.**

7 A. Timothy D. Finnell, Ameren Services Company, One Ameren Plaza, 1901
8 Chouteau Avenue, St. Louis, Missouri 63103.

9 **Q. Are you the same Timothy D. Finnell who previously filed testimony in**
10 **this case?**

11 A. Yes.

12 **II. PURPOSE OF TESTIMONY**

13 **Q. What is the purpose of your supplemental direct testimony in this**
14 **proceeding?**

15 A. The purpose of my supplemental direct testimony is to update the normalized
16 fuel costs, the variable component of purchased power costs and off-system sales revenues
17 for this case. The normalized fuel costs and revenues which I calculated are utilized by
18 AmerenUE witness Gary S. Weiss in developing the updated revenue requirement for this
19 case as discussed in Mr. Weiss's supplemental direct testimony. I am also providing a
20 correction to Schedule TDF-7, which is titled "Derate Outage Data."

21 **III. COST UPDATES**

22 **Q. What updates were done for the normalized fuel costs, the variable**
23 **component of purchased power costs and off-system sales revenues?**

24 A. The normalized load for the test year period April, May, and June was the
25 only item that changed. The updated (actual) annual normalized load is 39,872,916 MWh,

1 down 190,530 MWh from the original forecasted load of 40,063,446 MWh which was used
2 in my direct testimony for the months of April to June, 2006. The updated load plus the
3 original unit availabilities, fuel prices, unit operating characteristics, hourly energy market
4 prices and system requirements were used in the PROSYM production cost model to
5 recalculate the normalized fuel costs, variable purchase power costs, and off-system sales
6 revenues.

7 **Q. What was the result of the new PROSYM production cost model run?**

8 A. The updated normalized fuel costs, variable purchased power costs, and off-
9 system sales revenues are approximately \$598 million, \$26 million, and \$317 million
10 respectively.

11 **Q. How much did these costs change from the costs included in AmerenUE's**
12 **original filing?**

13 A. The fuel costs and variable purchase power costs did not change significantly.
14 However, the off-system sales revenues increased by approximately \$6 million.

15 **Q. Why did the off-system sales revenues increase in the updated PROSYM**
16 **production cost model run?**

17 A. The off-system sales revenues increased due to an increase in the volume of
18 off-system sales. The off-system sales increased by 179,000 MWh, which is similar to the
19 drop in the native load sales. The trade-off between native load and off-system sales is the
20 result of the fact that economical generation that is not utilized for native load is used to
21 supply off-system sales.

1 **IV. CORRECTION TO SCHEDULE TDF-7-1**

2 **Q. Why is Schedule TDF-7, Derate Outage Data, being corrected?**

3 A. Schedule TDF-7, Derate Outage Data, is being corrected because it contained
4 Unplanned Outage Data which was already on Schedule TDF-6-1. Schedule TDF-8 replaces
5 Schedule TDF-7 and reflects the Derate Outage Data that was actually used in the PROSYM
6 production cost model.

7 **Q. Does this conclude your supplemental direct testimony?**

8 A. Yes, it does.

Derate Outage Data		
Sum of Eq Hrs		incl minis
Unit	Year	UnDer Rt
Callaway 1	2000	0.3%
	2001	3.6%
	2002	2.4%
	2003	0.4%
	2004	1.7%
	2005	1.6%
Callaway 1 Total		1.5%
Labadie 1	2000	1.5%
	2001	1.4%
	2002	4.5%
	2003	0.5%
	2004	2.0%
	2005	2.1%
Labadie 1 Total		1.8%
Labadie 2	2000	3.2%
	2001	5.8%
	2002	2.4%
	2003	2.8%
	2004	3.4%
	2005	2.6%
Labadie 2 Total		3.2%
Labadie 3	2000	0.7%
	2001	1.4%
	2002	2.1%
	2003	4.5%
	2004	1.4%
	2005	2.9%
Labadie 3 Total		2.0%
Labadie 4	2000	1.9%
	2001	2.0%
	2002	1.9%
	2003	1.8%
	2004	2.8%
	2005	3.7%
Labadie 4 Total		2.4%
Meramec 1	2000	6.5%
	2001	1.6%
	2002	5.1%
	2003	7.2%
	2004	1.8%
	2005	0.4%
Meramec 1 Total		3.6%
Meramec 2	2000	2.3%
	2001	3.8%
	2002	4.4%
	2003	0.2%
	2004	1.9%
	2005	0.6%
Meramec 2 Total		2.1%
Meramec 3	2000	4.6%
	2001	1.7%
	2002	2.6%
	2003	3.6%
	2004	2.6%
	2005	0.7%
Meramec 3 Total		2.4%
Meramec 4	2000	2.0%
	2001	11.0%
	2002	4.7%
	2003	2.7%
	2004	6.9%
	2005	3.9%
Meramec 4 Total		4.9%
Rush Island 1	2000	6.1%
	2001	1.3%
	2002	1.2%
	2003	2.4%

Derate Outage Data		
Sum of Eq Hrs		incl minis
Unit	Year	UnDer Rt
	2004	0.3%
	2005	0.8%
Rush Island 1 Total		2.1%
Rush Island 2	2000	3.3%
	2001	2.6%
	2002	1.3%
	2003	3.2%
	2004	3.6%
	2005	1.6%
Rush Island 2 Total		2.6%
Sioux 1	2000	0.6%
	2001	1.2%
	2002	1.5%
	2003	2.3%
	2004	0.3%
	2005	0.4%
Sioux 1 Total		1.0%
Sioux 2	2000	2.2%
	2001	0.4%
	2002	1.2%
	2003	0.4%
	2004	0.1%
	2005	0.4%
Sioux 2 Total		0.7%

