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Witness: Michael E. Taylor
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Case No.: ER-2007-0002
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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SUPPLEMENTAL DIRECT TESTIMONY

OF

MICHAEL E. TAYLOR

**UNION ELECTRIC COMPANY
D/B/A AMERENUE**

CASE NO. ER-2007-0002

**Jefferson City, Missouri
February, 2007**

**** Denotes Highly Confidential Information ****

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

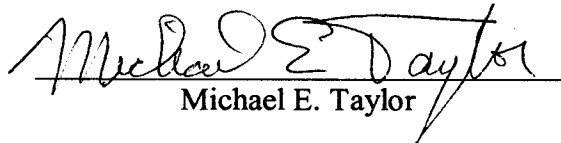
In the Matter of Union Electric Company)
d/b/a AmerenUE for Authority to File)
Tariffs Increasing Rates for Electric)
Service Provided to Customers in the)
Company's Missouri Service Area.)

Case No. ER-2007-0002

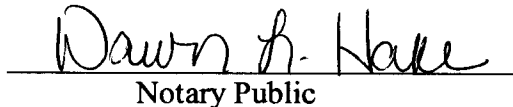
AFFIDAVIT OF MICHAEL E. TAYLOR

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michael E. Taylor, of lawful age, on his oath states: that he has participated in the preparation of the following Supplemental Direct Testimony in question and answer form, consisting of 8 pages of Supplemental Direct Testimony to be presented in the above case, that the answers in the following Supplemental Direct 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.


Michael E. Taylor

Subscribed and sworn to before me this 15th day of February, 2007.


Notary Public



DAWN L. HAKE
My Commission Expires
March 16, 2009
Cole County
Commission #05407643

My commission expires _____

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MICHAEL E. TAYLOR

UNION ELECTRIC COMPANY

D/B/A AMERENUE

CASE NO. ER-2007-0002

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1 satisfactorily met the in-service criteria developed by Staff and should be considered “fully
2 operational and used for service”. In-service evaluations for twenty-four (24) additional units
3 (Venice CTG 3 and CTG 4; Pinckneyville 1, 2, 3, 4, 5, 6, 7, and 8; Audrain 1, 2, 3, 4, 5, 6, 7,
4 and 8; and Goose Creek 1, 2, 3, 4, 5, and 6) were completed earlier and included in my direct
5 testimony filed in this case. Thirty-six (36) units were evaluated in total.

6 **FACILITY DESCRIPTIONS**

7 Q. Please describe the facility at Venice.

8 A. The Venice facility is located at the site of the former AmerenUE Venice
9 steam-electric generating plant. The steam-electric plant was built in the 1940s, but has been
10 out of service since 2002. There are five (5) combustion turbine generator (CTG) units at
11 Venice (Venice CTG 1, 2, 3, 4, and 5). Venice CTG 1 was not included in this review since
12 it is an older unit (commissioned in 1967) and has previously been added to rate base.
13 Venice CTG 3 and 4 were addressed in my direct testimony filed in this case. Units 2 and 5
14 are simple-cycle turbines driving generators. Venice CTG 2 is a Pratt & Whitney FT-8
15 aeroderivative combustion turbine rated at 48 megawatts (MW). Venice CTG 2 has two
16 turbines driving a common generator. The turbines can be fired with natural gas or fuel oil.
17 It was installed in June 2002. Venice CTG 5 is a Siemens-Westinghouse 501D5A natural
18 gas-fired combustion turbine rated at 117 MW. It was installed in November 2005. The
19 Venice CTG units are designed as a peaking facility and are located at Venice, Illinois (south
20 of the McKinley Bridge).

21 Q. Please describe the facility at Peno Creek.

1 A. There are four (4) units at Peno Creek. The units are Pratt & Whitney FT-8
2 aeroderivative combustion turbines rated at 48 MW each. The units have two turbines
3 driving a common generator. The turbines can be fired with natural gas or fuel oil. The units
4 were installed in May 2002. The Peno Creek units and Venice CTG 2 are essentially
5 identical units. The Peno Creek units are designed as a peaking facility and are located near
6 Bowling Green, Missouri.

7 Q. Please describe the facility at Kinmundy.

8 A. There are two (2) units at Kinmundy. The units are Siemens-Westinghouse
9 501D5A combustion turbines rated at 116 MW each. The units are simple-cycle, fuel oil or
10 natural gas-fired turbines driving a generator. The units were installed by AmerenEnergy
11 Generating (non-regulated affiliate) in April and May 2001 and were purchased by
12 AmerenUE in May 2005. The Kinmundy units are designed as a peaking facility and are
13 located near Kinmundy, Illinois.

14 Q. Please describe the facility at Racoon Creek.

15 A. There are four (4) units at Racoon Creek. The units are General Electric
16 MS7001EA combustion turbines rated at 83.5 MW each. The units are simple-cycle, natural
17 gas-fired turbines driving a generator. They were purchased by AmerenUE from Aquila, Inc.
18 in April 2006. The Racoon Creek units are designed as a peaking facility and are located
19 near Flora, Illinois.

20 Q. Have you personally visited each of the facilities being considered in this
21 testimony?

22 A. Yes. I inspected the Peno Creek site on September 14, 2006. I inspected the
23 remainder of the locations on November 13 and 14, 2006.

IN-SERVICE CRITERIA

Q. What are in-service criteria?

A. In-service criteria are a set of operational tests or operational requirements developed by the Staff to determine whether a new unit is "fully operational and used for service."

Q. Where does the phrase "fully operational and used for service" come from?

A. The phrase comes from Section 393.135, RSMo. 2000, a statute that was adopted by Initiative, Proposition No. 1, on November 2, 1976. Section 393.135, RSMo. 2000, provides as follows:

Any charge made or demanded by an electrical corporation for service, or in connection therewith, which is based on the costs of construction in progress upon any existing or new facility of the electrical corporation, or any other cost associated with owning, operating, maintaining, or financing any property before it is fully operational and used for service, is unjust and unreasonable, and is prohibited.
(Emphasis added)

Q. How were the in-service test criteria developed for this case?

A. The Staff develops its criteria, based on its review of the new unit's specifications and discussions with AmerenUE.

Q. Why are in-service criteria important?

A. The criteria provide a defined basis for in-service evaluation. In-service criteria are the basis upon which a unit is determined to be "fully operational and used for service" and is to be given ratemaking treatment. While the criteria include specific requirements, Staff has the ability to utilize alternate data and information to determine if this alternate data and information indicates that the unit meets or exceeds the intent of the criteria and the unit is "fully operational and used for service." The evaluation in this case, ER-2007-

1 0002, is different from some other cases in that these units are not “new” units from a
2 chronological perspective, but have not been evaluated previously in a ratemaking proceeding
3 relative to in-service criteria. These units have significant operating experience.

4 The in-service criteria applicable to the units addressed in this testimony are attached
5 to this testimony as Schedules 1 and 2.

6 Q. Are the in-service criteria for all the units the same?

7 A. No, since there are several different types of generating units being
8 considered, the evaluation criteria have some differences. The MW rating of the units is used
9 to determine which criteria apply. The units being considered in this case, ER-2007-0002,
10 are all designated as peaking units. Base load or intermediate units would also have different
11 in-service criteria. However, there may be some overlap in the defined criteria between base
12 load, intermediate, and peaking units.

13 Q. What do the established in-service criteria generally include?

14 A. Certain fundamental tests are included to prove whether the unit can start
15 properly, shut down properly, operate at its full design capacity, operate for a period of time
16 without tripping off line, operate at multiple load points, and operate at its design minimum
17 load point. Other items the Staff considers are whether the unit can meet the contract
18 guarantees, demonstrate any specific design attributes, and whether the full output of the unit
19 can be delivered into the electrical distribution/transmission system. Therefore, a unit could
20 meet all design specifications but not be in-service if there isn't transmission capacity
21 available to deliver the output of the unit to the company service area.

22 Q. What does a utility typically require from the manufacturer before final
23 acceptance of a new unit?

1 A. Usually there are certain equipment operating parameters or conditions in the
2 contract between the utility and the manufacturer, which the manufacturer guarantees to
3 meet. The utility typically requires the manufacturer to prove the new equipment meets these
4 contract performance guarantees. Examples of such contract performance guarantees would
5 include a full load maximum heat rate (the amount of energy required to generate a kWh of
6 electricity), an expected level of electrical energy delivered over a specified time interval, and
7 measurement of various emissions (when applicable).

8 Q. Were any units required to be operated specially to satisfy the Staff's in-
9 service criteria in this proceeding?

10 A. Yes, specific operation of some units was required prior to January 1, 2007 to
11 satisfy in-service criteria. Verification of a large number of in-service criteria for these units
12 was possible by utilizing historical operating data. However, for a small number of the in-
13 service criteria items, additional operations were required to establish data for Staff review.
14 These additional operations were completed by December 19, 2006. Staff has agreed that
15 actual, verifiable, differential costs/benefits for these operational tests may be included in rate
16 base for the respective unit.

17 Q. Has the Staff evaluated all the generating units utilizing the established in-
18 service criteria?

19 A. Yes. Due to the large number of generating units being considered and varied
20 history of the units, the in-service evaluation has taken considerably longer than anticipated
21 in the rate case schedule. Eight (8) of the units were installed by AmerenUE, ten (10) of the
22 units were installed by an AmerenUE affiliate, and eighteen (18) of the units were installed

1 by other companies (not AmerenUE affiliates). This varied history has resulted in difficulties
2 in recovering all the required records.

3 Q. What were the results of the completed evaluations?

4 A. The results are generally consistent with the in-service criteria established for
5 the specific units. The results of the evaluations are summarized in Schedule 3 through
6 Schedule 7, as listed below:

7 Schedule 3 Venice CTG 2

8 Schedule 4 Venice CTG 5

9 Schedule 5 Peno Creek 1-4

10 Schedule 6 Kinmundy 1 and 2

11 Schedule 7 Raccoon Creek 1-4

12 Q. Were there any significant deviations during the performance of the
13 evaluations that should be discussed?

14 A. No.

15 Q. What are your conclusions regarding in-service criteria for Venice CTG 2 and
16 CTG 5; Peno Creek 1, 2, 3, and 4; Kinmundy 1 and 2; and Raccoon Creek 1, 2, 3, and 4?

17 A. Based on my review and analysis of the data and inspection of the facilities,
18 these generating units at these facilities have met the required in-service criteria. Therefore, I
19 recommend that Venice CTG 2 and CTG 5; Peno Creek 1, 2, 3, and 4; Kinmundy 1 and 2;
20 and Raccoon Creek 1, 2, 3, and 4 be considered fully operational and used for service.
21 Considering the generating units addressed in my previously filed direct testimony and the
22 units addressed in this supplemental direct testimony, thirty-six (36) total units have been
23 evaluated and have met the required in-service criteria.

Supplemental Direct Testimony of
Michael E. Taylor

1 Q. Does this conclude your supplemental direct testimony at this time?

2 A. Yes, it does.

Combustion Turbine Unit In-Service Test Criteria (Nameplate Capacity of < 95 MW)

1. All major construction work is complete.
2. All preoperational tests have been successfully completed.
3. Unit successfully meets all contract operational guarantees.
4. Unit successfully demonstrates its ability to initiate the proper start sequence resulting in the unit operating from zero (0) rpm (or turning gear) to base load when prompted at a location (or locations) from which it is normally operated.
5. If unit has fast start capability, the unit demonstrates its ability to meet the fast start capability.
6. Unit successfully demonstrates its ability to initiate the proper shutdown sequence from base load resulting in zero (0) rpm (or turning gear) when prompted at a location (or locations) from which it is normally operated.
7. Unit successfully demonstrates its ability to operate at minimum load for one (1) hour.
8. Unit successfully demonstrates its ability to operate at or above 98% of peak load for one (1) hour.
9. Unit successfully demonstrates its ability to operate at or above 98% of base load for four (4) hours.
10. Sufficient transmission interconnection facilities shall exist for the total plant design net electrical capacity at the time the unit is declared fully operational and used for service.
11. Sufficient transmission facilities shall exist for the total plant design net electrical capacity from the generating station into the utility service territory at the time the unit is declared fully operational and used for service.
12. If unit has dual fuel capability, the unit will successfully demonstrate the ability to start on the back-up/secondary fuel as described in Item 4.
13. If unit has dual fuel capability, the unit will demonstrate the ability to transfer between the two fuels while on line.
14. If unit has dual turbines, the unit will demonstrate the ability to operate in single-turbine mode and transfer from single-turbine mode to dual-turbine mode (and vice versa) while on line.

Note:

In-service Criteria items (4), (6), and (9) contain the phrase “base load”. This phrase (base load) refers to an electrical output of the unit that is considered to be nominal full load capability. In-service Criteria item (8) contains the phrase “peak load”. This phrase (peak load) refers to an electrical output of the unit that is above the nominal full load capability. In this context, “peak load” is not directly related to the nomenclature where a generating unit is considered to be a “peaking unit”. A “peaking unit” designation refers to a generating unit that is typically utilized when system loads are at high levels and base or intermediate generating units are not sufficient to meet the system loads.

Manufacturers of some combustion turbines provide the ability for operators to select various control system set points which determine generator output levels for the units. In some cases, these manufacturers refer to two of these predetermined loading levels as “base load” and “peak load”.

Combustion Turbine Unit In-Service Test Criteria (Nameplate Capacity of ≥ 95 MW)

1. All major construction work is complete.
2. All preoperational tests have been successfully completed.
3. Unit successfully meets all contract operational guarantees.
4. Unit successfully demonstrates its ability to initiate the proper start sequence resulting in the unit operating from zero (0) rpm (or turning gear) to full load when prompted at a location (or locations) from which it is normally operated.
5. If unit has fast start capability, the unit demonstrates its ability to meet the fast start capability.
6. Unit successfully demonstrates its ability to initiate the proper shutdown sequence from full load resulting in zero (0) rpm (or turning gear) when prompted at a location (or locations) from which it is normally operated.
7. Unit successfully demonstrates its ability to operate at minimum load for one (1) hour.
8. Unit successfully demonstrates its ability to operate at or above 95% of nominal capacity for four (4) continuous hours.
9. Unit successfully demonstrates its ability to produce an amount of energy (MWhr) within a 72 hour period that results in a capacity factor of at least 50% during the period when calculated by the formula: capacity factor = (MWhr generated in 72 hours) / (nominal capacity x 72 hours).
10. Sufficient transmission interconnection facilities shall exist for the total plant design net electrical capacity at the time the unit is declared fully operational and used for service
11. Sufficient transmission facilities shall exist for the total plant design net electrical capacity from the generating station into the utility service territory at the time the unit is declared fully operational and used for service.
12. If unit has dual fuel capability, the unit successfully demonstrates its ability to start on the back up/secondary fuel as described in item 4.
13. If unit has dual fuel capability, the unit successfully demonstrates its ability to transfer between the two fuels while on line.

Schedule 3

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Schedule 4

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Schedule 5

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