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Service Commission

Exhibit No.: 086  
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

AmerenUE Exhibit No. 86  
Case No(s). ER-2007-0002  
Date 3/29/07 Rptr PK

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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%

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. )

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

Timothy D. Finnell  
Timothy D. Finnell

Carolyn Woodstock  
Notary Public

My commission expires: May 19, 2008

