

Exhibit No.:
Issues: Adjustment to FAC Rate –
Twenty-Sixth Accumulation
Period
Witness: Erik C. Wenberg
Sponsoring Party: Union Electric Co.
Type of Exhibit: Direct Testimony
Case No.: ER-2018-_____
Date Testimony Prepared: November 21, 2017

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

ERIK C. WENBERG

November, 2017
St. Louis, Missouri

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DIRECT TESTIMONY

OF

ERIK C. WENBERG

Case No. ER-2018-_____

1 **Q: Please state your name and business address.**

2 A: My name is Erik C. Wenberg. My business address is One Ameren Plaza, 1901
3 Chouteau Ave., St. Louis, Missouri.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Ameren Services Company (“Ameren Services”) as Director,
6 Wholesale Power and Fuels Accounting. Ameren Services provides various corporate
7 support services to Union Electric Company d/b/a Ameren Missouri (“Company” or
8 “Ameren Missouri”), including settlement and accounting related to fuel, purchased
9 power, and off-system sales.

10 **Q: What is the purpose of your testimony?**

11 A: My testimony supports the 2nd Revised Sheet No. 74.13 of Ameren Missouri’s Schedule
12 No. 6 – Schedule of Rates for Electric Service, that is being filed by Ameren Missouri to
13 adjust customer rates for changes in Ameren Missouri’s fuel and purchased power costs,
14 net off-system sales revenues, and associated transportation (i.e., Actual Net Energy
15 Costs, or “ANEC”), which were experienced during the four-month period June 2017
16 through September 2017.¹

¹ This four-month period is the twenty-sixth overall Accumulation Period under Ameren Missouri’s Rider FAC, which was first approved by the Commission in Case No. ER-2008-0318, and which has subsequently been re-authorized, with certain modifications, in Case Nos. ER-2010-0036, ER-2011-0028, ER-2012-0166, ER-2014-0258 and ER-2016-0179.

1 **Q: Please explain why Ameren Missouri is filing a revision to its Rider FAC at this**
2 **time.**

3 A: The Commission’s rule governing fuel and purchased power cost recovery mechanisms
4 for electric utilities – specifically 4 CSR 240-20.090(4) – and Ameren Missouri’s Rider
5 FAC, require Ameren Missouri to make periodic filings to adjust customer rates for
6 changes in Ameren Missouri’s ANEC experienced during each Accumulation Period as
7 compared to the base level of net energy costs (Factor “B” as listed in the Company’s
8 Rider FAC tariff) applicable to that same Accumulation Period. That change is to then be
9 reflected in an adjustment to the Rider FAC Fuel Adjustment Rate (i.e., Factor “FAR” in
10 Rider FAC). This adjustment can be positive (a FAR of greater than zero) or negative (a
11 FAR of less than zero). The Commission’s rule requires at least one such review and
12 adjustment each year. Ameren Missouri’s approved FAC tariff calls for three filings
13 annually – one filing covering each of the three four-month Accumulation Periods
14 reflected in Rider FAC. The changes in the FAR implemented in these three filings are
15 then collected from or refunded to customers over the applicable Recovery Period. The
16 Recovery Period applicable to this filing will consist of the billing months of February
17 2018 through September 2018.

18 **Q. What adjustment is being made in this filing?**

19 A. Ameren Missouri’s ANEC during the June 1, 2017 to September 30, 2017 Accumulation
20 Period increased by \$12,277,505 as compared to the Factor “B” applicable to that same
21 period. The primary factors driving this increase above the base (Factor "B") were lower
22 net capacity revenues and off-system sales margins partially offset by lower fuel costs.
23 Also included in this filing is the true-up amount reflected in the Company’s twenty-third

1 true-up filing, which is being filed concurrently with the initiation of this docket. The
2 above results in a Fuel and Purchased Power Adjustment (FPA) of \$12,038,334 which, as
3 described further below, will produce the FAR rates that will appear as a separate line
4 item to be applied to customers' bills during the 26th Recovery Period that starts with the
5 first day of the February, 2018 billing month.

6 **Q: Please further describe the impact of the change in the FAR on the Company's**
7 **customers.**

8 A: The \$12,277,505 increase in ANEC during the 26th Accumulation Period as compared to
9 Factor "B" for that Accumulation Period was calculated in the manner specified in the
10 Company's Rider FAC, and adjusted for voltage level differences, as provided for in
11 Rider FAC. Applying the 95% sharing ratio, the true-up amount of \$972,225 from the
12 twenty-third true-up filing (made concurrently with the initiation of this docket) and the
13 applicable refund of interest totaling \$597,521 as provided for in Rider FAC (which
14 includes the recovery of \$19,485 in interest for the Accumulation Period 26 and the
15 refund of \$617,006 in interest for the true-up of Recovery Period 23), the total adjustment
16 to be reflected in the FAR is \$12,038,334. That total, when using the estimated kWh
17 sales for the February 2018 to September 2018 Recovery Period, results in the following
18 FAR amounts for the Company's customers during that Recovery Period, beginning with
19 the billing month of February 2018:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	0.027 ¢/kWh
Primary	0.027 ¢/kWh
Transmission	0.026 ¢/kWh

1 Filed concurrently with my direct testimony is the tariff sheet that contains the formula
2 that Ameren Missouri used to calculate the FAR. Also included in the tariff sheet are the
3 values for each element of the formula that were used to derive the FAR. This will result
4 in charges under the FAR of approximately \$0.27 per month for a typical residential
5 customer. This is an increase from the FAR currently in effect, which resulted in a
6 refund of approximately \$0.26 per month for the typical residential customer.

7 **Q: How did you develop the various values used to derive the proposed FAR shown on**
8 **the tariff sheet?**

9 A: The data upon which Ameren Missouri based the values for each of the variables in the
10 approved FAR formula is shown in Schedule EW-FAR. This schedule contains all the
11 information that is required by 4 CSR 240-3.161(7)(A), and the workpapers that support
12 the data contained in Schedule EW-FAR. I have also included Schedule EW-TU, which
13 is a reproduction of Schedule EW-TU filed in the separate true-up docket for the twenty-
14 third Recovery Period, which as earlier noted is being filed concurrently with the
15 initiation of this docket.²

16 **Q: If the rate schedule filed by Ameren Missouri is approved or allowed to go into**
17 **effect, what safeguards exist to ensure that the revenues the Company collects do**
18 **not exceed the net energy costs that Ameren Missouri actually incurred during the**
19 **Accumulation Period?**

20 A: Ameren Missouri's Rider FAC and the Commission's rules provide two mechanisms to
21 ensure that amounts collected from customers do not exceed Ameren Missouri's actual,

² While the Commission's FAC rules allow filings relating to changes in ANEC to be combined in one filing with the true-up of past Recovery Periods, after consultation with the Staff it is the Company's understanding that the Staff prefers separate filings, but also prefers that sums reflected in such concurrently-filed true-ups be included in the new FAR rates filed in the separate Accumulation Period filing.

1 prudently-incurred ANEC. First, Rider FAC and the Commission’s rules require a true-
2 up of the amounts collected from customers through Rider FAC, with any
3 excess/unrecovered amounts to be refunded/billed to customers through prospective
4 adjustments to the FAR calculation, with interest at Ameren Missouri’s short-term
5 borrowing rate. Second, Ameren Missouri’s ANEC are subject to periodic prudence
6 reviews to ensure that only prudently-incurred net energy costs are collected from
7 customers through Ameren Missouri’s Rider FAC. These two mechanisms serve as
8 checks that ensure that the Company’s customers pay only the prudently-incurred ANEC
9 and no more.

10 **Q: What action is Ameren Missouri requesting from the Commission with respect to**
11 **the rate schedule that the Company has filed?**

12 A: As provided by 4 CSR 240-20.090(4), the Commission Staff (the “Staff”) has thirty (30)
13 days from the date the revised FAC rate schedule is filed to conduct a review and to make
14 a recommendation to the Commission as to whether the rate schedule complies with the
15 Commission’s rules, the requirements of Section 386.266, RSMo (2016), and Ameren
16 Missouri’s approved Rider FAC. If the Commission finds the revised Rider FAC rate
17 schedule does comply, the FAR will take effect either pursuant to a Commission order
18 approving the FAR or by operation of law, in either case on the effective date of the tariff
19 sheet filed concurrently with this testimony. Because Ameren Missouri believes its filing
20 satisfies all of the requirements of applicable statutes, the Commission’s rules and
21 Ameren Missouri’s approved Rider FAC, Ameren Missouri requests that after the Staff’s
22 review, the Commission approve the FAR or otherwise allow it to take effect by
23 operation of law to be effective with the billing month of February 2018.

1 Q: Does this conclude your direct testimony?

2 A: Yes, it does

