

Exhibit No.:
Issues: Adjustment to FAC Rate –
Seventeenth Accumulation
Period
Witness: Erik C. Wenberg
Sponsoring Party: Union Electric Co.
Type of Exhibit: Direct Testimony
Case No.: ER-2015-_____
Date Testimony Prepared: November 21, 2014

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

ERIK C. WENBERG

November, 2014
St. Louis, Missouri

NP

DIRECT TESTIMONY

OF

ERIK C.WENBERG

Case No. ER-2015-_____

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 Fuel 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 5th Revised Sheet No. 72.9 of Ameren Missouri’s Schedule No. 6
12 – Schedule of Rates for Electric Service, that is being filed by Ameren Missouri to adjust
13 customer rates for changes in Ameren Missouri’s fuel and purchased power costs,
14 including transportation and net of off-system sales revenues (i.e., Annual Net Energy
15 Costs, or “ANEC”), which were experienced during the four-month period June 2014
16 through September 2014.¹

¹ This four-month period is the seventeenth 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 and ER-2012-0166.

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 then to 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 2015 through September 2015.

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

19 A. Ameren Missouri’s ANEC during the June 1, 2014 to September 30, 2014 Accumulation
20 Period have increased as compared to Factor “B” applicable to that period. The factors
21 driving this increase above the base (Factor “B”) were lower off-system sales margins
22 and higher fuel costs to serve load. Specifically, for the subject Accumulation Period
23 Ameren Missouri’s ANEC are more than Factor “B” for that period by \$47,171,873. In

1 accordance with the Commission's rule and Ameren Missouri's approved Rider FAC,
2 Ameren Missouri is making this filing to set its FAR so that customers will pay 95% of
3 this difference. Also included in this FAR is the true-up amount reflected in the
4 Company's fourteenth true-up filing, which is being filed concurrently with the initiation
5 of this docket and increases the above difference by \$332,915. The new FAR will appear
6 as a separate line item on the customers' bills starting with the February 2015 billing
7 month, when the Recovery Period applicable to the subject Accumulation Period begins.

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

9 A: The \$47,171,873 increase in ANEC as compared to Factor "B" was calculated in the
10 manner specified in the Company's Rider FAC, and adjusted for voltage level
11 differences, as provided for in Rider FAC. Applying the 95% sharing ratio, the amounts
12 resulting from the fourteenth true-up filing (made concurrently with the initiation of this
13 docket) and the applicable refund of interest totaling \$833,773 as provided for in Rider
14 FAC (which includes \$23,125 for the under-recovery in the 17th Accumulation Period,
15 \$159,154 for the under-recovery from the true-up of Accumulation Period 14 and
16 (\$1,016,052) arising from the sums to be refunded to customers from the prudence
17 adjustment pertaining to Accumulation Period 14), the costs to be recovered in the FAR
18 total \$44,312,421. That total, using estimated kWh sales for the February 2015 to
19 September 2015 Recovery Period, as also provided for in Rider FAC, results in the
20 following FAR amounts for the Company's customers during that Recovery Period,
21 beginning with the billing month of February 2015:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	0.422 ¢/kWh
Primary	0.409 ¢/kWh
Transmission	0.396 ¢/kWh

1 Filed concurrently with my direct testimony is the tariff sheet that contains the
2 formula that Ameren Missouri used to calculate the FAR. Also included in the tariff sheet
3 are the values for each element of the formula that were used to derive the FAR. This
4 will result in charges under the FAR of approximately \$4.64 per month for a typical
5 residential customer. This is a decrease from the FAR currently in effect, which resulted
6 in charges for the typical residential customer of approximately \$5.17 per month. The
7 primary drivers for this decrease are higher sales volumes and higher margins due to
8 higher sales prices, which are partially offset by a slight increase in load and the fuel cost
9 incurred to serve the load.

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

12 A: The data upon which Ameren Missouri based the values for each of the variables in the
13 approved FAR formula are shown in Schedule EW-FPA 1, attached to my testimony.
14 This schedule contains all of the information that is required by 4 CSR 240-3.161(7)(A)
15 and includes the workpapers that support the data contained in Schedule EW-FPA 1. I
16 have also included Schedule EW-TU 1, which is a reproduction of Schedule EW-TU 1

1 filed in the separate true-up docket for the true-up of the fourteenth Accumulation Period,
2 which as earlier noted is being filed concurrently with the initiation of this docket.²

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

7 A: Ameren Missouri's Rider FAC and the Commission's rules provide two mechanisms to
8 ensure that amounts collected from customers do not exceed Ameren Missouri's actual,
9 prudently-incurred ANEC. First, Rider FAC and the Commission's rules require a true-
10 up of the amounts collected from customers through Rider FAC, with any excess
11 amounts collected to be credited to customers through prospective adjustments to the
12 FAR calculation, with interest at Ameren Missouri's short-term borrowing rate. Second,
13 Ameren Missouri's ANEC are subject to periodic prudence reviews to ensure that only
14 prudently-incurred net energy costs are collected from customers through Ameren
15 Missouri's Rider FAC. These two mechanisms serve as checks that ensure that the
16 Company's customers pay only the prudently-incurred, ANEC and no more.

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

19 A: As provided by 4 CSR 240-20.090(4), the Commission Staff (the "Staff") has thirty (30)
20 days from the date the revised FAC rate schedule is filed to conduct a review and to make
21 a recommendation to the Commission as to whether the rate schedule complies with the

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 Commission's rules, the requirements of Section 386.266, RSMo (Cum. Supp. 2013), and
2 Ameren Missouri's approved Rider FAC. If the Commission finds the revised Rider
3 FAC rate schedule does comply, the FAR will take effect either pursuant to a
4 Commission order approving the FAR or by operation of law, in either case within 60
5 days after the FAR is filed. Because Ameren Missouri believes its filing satisfies all of
6 the requirements of applicable statutes, the Commission's rules and Ameren Missouri's
7 approved Rider FAC, Ameren Missouri requests that after the Staff's review, the
8 Commission approve the FAR to be effective with the billing month of February 2015.

9 **Q: Does this conclude your direct testimony?**

10 **A:** Yes, it does

**SCHEDULE EW-FPA 1
HAS BEEN MARKED
HIGHLY CONFIDENTIAL
IN ITS ENTIRETY**