

Exhibit No.:
Issues: Adjustment to FAC Rate – Ninth
Accumulation Period
Witness: Erik C. Wenberg
Sponsoring Party: Union Electric Co.
Type of Exhibit: Direct Testimony
Case No.: ER-2012-_____
Date Testimony Prepared: March 23, 2012

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

ERIK C. WENBERG

**March, 2012
St. Louis, Missouri**

NP

DIRECT TESTIMONY

OF

ERIK C. WENBERG

Case No. ER-2012-_____

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

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

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

5 A: I am employed by Ameren Services Company (“Ameren Services”) as Manager,
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 2nd Revised Sheet No. 98.21 of Ameren Missouri’s Schedule No.
12 5 – 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 of off-system sales revenues (i.e., net fuel costs), which were experienced during the
15 four-month period October 2011 through January 2012.¹

¹ This four-month period is ninth 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 and ER-2011-0028.

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 actual net fuel costs experienced during each
7 Accumulation Period as compared to the base level of net fuel costs (the “net base fuel
8 costs” or “NBFC” listed in the Company's Rider FAC tariff) applicable to that same
9 Accumulation Period. That change is then to be reflected in an adjustment to the Rider
10 FAC rate (i.e., Factor “FPA_c” in Rider FAC). This adjustment can be positive (an
11 increase in the FAC rate) or negative (a decrease in the FAC rate). The Commission's
12 rule requires at least one such review and adjustment each year. Ameren Missouri's
13 approved FAC tariff calls for three filings annually – one filing covering each of the three
14 four-month Accumulation Periods reflected in Rider FAC. The increases or decreases in
15 the FAC factor implemented in these three filings are then collected from or refunded to
16 customers over the applicable Recovery Period. The Recovery Period applicable to this
17 filing will consist of the billing months of June 2012 through January 2013.

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

19 A. Ameren Missouri's net fuel costs during the October 1, 2011 to January 31, 2012,
20 Accumulation Period have increased as compared to the NBFC applicable to that period.
21 The factors driving this cost increase were lower off-system sales margins and increased
22 baseload fuel costs. Specifically, for the subject Accumulation Period Ameren Missouri's
23 net fuel costs are more than the NBFC for that period by approximately \$35,372,021. 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 FPA_c rate so that customers will pay 95%
3 of this cost increase. Also included in this FPA_c rate are amounts reflected in the
4 Company's fifth true-up filing, which is being filed concurrently with the initiation of this
5 docket (which increases net fuel costs by another \$4,725,389). The new FPA_c rate will
6 appear as a separate line item on the customers' bills starting with the June, 2012 billing
7 month, when the Recovery Period applicable to the subject Accumulation Period begins.

8 **Q: Please describe the impact of this increase in costs on the Company's customers.**

9 A: The approximately \$35,372,021 increase in net fuel costs was calculated in the manner
10 specified in the Company's Rider FAC, and adjusted for voltage level differences, as
11 provided for in Rider FAC. Applying the 95% sharing ratio, the amount resulting from
12 the fifth true-up filing made concurrently with the initiation of this docket, plus
13 applicable interest as provided for in Rider FAC, results in a total increase of
14 \$38,369,608. That total increase, using estimated kWh sales for the June 2012 to January
15 2013 Recovery Period, as also provided for in Rider FAC, results in the following FPA_c
16 rates for the Company's customers during that Recovery Period, beginning with the
17 billing month of June 2012:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	0.288 ¢/kWh
Primary	0.279 ¢/kWh
Large Transmission	0.270 ¢/kWh

1 Filed concurrently with my direct testimony is a copy of the tariff sheet that
2 contains the formula that Ameren Missouri used to calculate the FPA_c rates. Also
3 included in the tariff sheet are the values for each element of the formula that were used
4 to derive the FPA_c rates. This will result in charges under the FPA_c rate of
5 approximately \$3.17 per month for a typical residential customer.

6 **Q: How did you develop the various values used to derive the proposed FPA_c rates that**
7 **are shown on the tariff sheet?**

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

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

19 A: Ameren Missouri's Rider FAC and the Commission's rules provide two mechanisms to
20 ensure that amounts collected from customers do not exceed Ameren Missouri's actual,
21 prudently-incurred net fuel costs. First, Rider FAC and the Commission's rules require a

² While the Commission's FAC rules allow filings relating to changes in Net Fuel Costs 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 FPA_c rates filed in the separate, Accumulation Period filing.

1 true-up of the amounts collected from customers through the Rider FAC, with any excess
2 amounts collected to be credited to customers through prospective adjustments to the
3 FPA_c rates, with interest at Ameren Missouri's short-term borrowing rate. Second,
4 Ameren Missouri's net fuel costs are subject to periodic prudence reviews to ensure that
5 only prudently-incurred net fuel costs are collected from customers through Ameren
6 Missouri's Rider FAC. These two mechanisms serve as checks that ensure that the
7 Company's customers pay only the prudently-incurred, actual net fuel costs and no more.

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

10 A: As provided by 4 CSR 240-20.090(4), the Commission Staff (the "Staff") has thirty (30)
11 days from the date the revised FAC rate schedule is filed to conduct a review and to make
12 a recommendation to the Commission as to whether the rate schedule complies with the
13 Commission's rules, the requirements of Section 386.266, RSMo (Cum. Supp. 2011), and
14 Ameren Missouri's approved Rider FAC. If the Commission finds the revised Rider
15 FAC rate schedule does comply, the FPA_c rate will take effect either pursuant to a
16 Commission order approving the FPA_c rate or by operation of law, in either case within
17 60 days after the FPA_c rate was filed. Because Ameren Missouri believes its filing
18 satisfies all of the requirements of applicable statutes, the Commission's rules and
19 Ameren Missouri's approved Rider FAC, Ameren Missouri requests that after the Staff's
20 review, the Commission approve the FPA_c rate to be effective with the billing month of
21 June, 2012.

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

23 A: Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Adjustment of Union Electric Company)
d/b/a Ameren Missouri's Fuel Adjustment Clause for)
the 9th Accumulation Period) File No. ER-2012-

AFFIDAVIT OF ERIK C. WENBERG

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

Erik C. Wenberg, being first duly sworn on his oath, states:

1. My name is Erik C. Wenberg. I work in the City of St. Louis, Missouri, and I am employed by Ameren Services as a Manager, Wholesale Power and Fuel Accounting.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of 5 pages and Schedule EW-FPA, all of which have been prepared in written form for filing in the above-referenced docket.

3. I hereby swear and affirm that the information contained in the attached testimony to the questions therein propounded are true and correct.



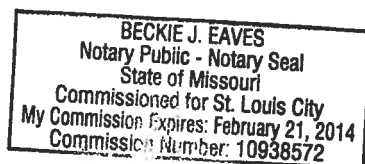
Erik C. Wenberg

Subscribed and sworn to before me this 21st day of March, 2012.



Notary Public

My commission expires:



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

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