

Exhibit No.:  
Issues: Adjustment to FAC Rate –  
Twenty-Second Accumulation  
Period  
Witness: Erik C. Wenberg  
Sponsoring Party: Union Electric Co.  
Type of Exhibit: Direct Testimony  
Case No.: ER-2016-\_\_\_\_\_  
Date Testimony Prepared: July 25, 2016

**MISSOURI PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY**

**OF**

**ERIK C. WENBERG**

**July, 2016**  
**St. Louis, Missouri**

**NP**

**DIRECT TESTIMONY**

**OF**

**ERIK C. WENBERG**

**Case No. ER-2016-\_\_\_\_\_**

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 the 4th Revised Sheet No. 73.11 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 February  
16 2016 through May 2016.<sup>1</sup>

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<sup>1</sup> This four-month period is the twenty-second 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-

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 October  
17 2016 through May 2017.

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

19 A. Ameren Missouri’s ANEC during the February 1, 2016 to May 31, 2016 Accumulation  
20 Period increased by \$12,876,430 as compared to the Factor “B” applicable to that period.  
21 The primary factor driving this increase above the base (Factor "B") was lower off-  
22 system sales margins, partially off-set by higher net capacity revenues. Also included in

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authorized, with certain modifications, in Case Nos. ER-2010-0036, ER-2011-0028, ER-2012-0166 and ER-2014-0258.

1 this filing is the true-up amount reflected in the Company's nineteenth true-up filing,  
2 which is being filed concurrently with the initiation of this docket. The above results in a  
3 Fuel and Purchased Power Adjustment (FPA) of \$12,167,637 which, as described further  
4 below, will produce the FAR rates that will appear as a separate line item to be applied to  
5 customers' bills during the 22<sup>nd</sup> Recovery Period that starts with the first day of the  
6 October, 2016 billing month.

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

10 A: The \$12,876,430 increase in ANEC as compared to Factor "B" was calculated in the  
11 manner specified in the Company's Rider FAC, and adjusted for voltage level  
12 differences, as provided for in Rider FAC. Applying the 95% sharing ratio, the amount  
13 referenced above of -\$536,023 from the nineteenth true-up filing (made concurrently with  
14 the initiation of this docket) and the applicable recovery of interest totaling \$471,052 as  
15 provided for in Rider FAC (which includes the recovery of \$10,640 in interest for the  
16 current Accumulation Period and the recovery of \$460,412 in interest for the true-up of  
17 Accumulation Period 19), the total adjustment to be reflected in the FAR is \$12,167,637.  
18 That total, when using the estimated kWh sales for the October 2016 to May 2017  
19 Recovery Period, results in an Initial Rate Component to be applied to the Company's  
20 Individual Service Classifications. As provided for in Rider FAC, to the extent the  
21 Industrial Aluminum Smelter Service Classification Initial Rate Component exceeds  
22 \$0.002/kWh, the difference is applied to the remaining Individual Service Classifications  
23 to arrive at the FAR amounts that will be billed during the applicable Recovery Period.

1 As the Industrial Aluminum Smelter Service Classification Initial Rate Component for  
2 the subject Accumulation Period did not exceed \$0.002/kWh, there was no difference to  
3 be applied to the remaining Individual Service Classifications. The following are the  
4 FAR amounts for the Company's customers during the Recovery Period associated with  
5 Accumulation Period 22, beginning with the billing month of October 2016:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Industrial Aluminum Smelter	0.056 ¢/kWh
Secondary	0.060 ¢/kWh
Primary	0.058 ¢/kWh
Transmission	0.056 ¢/kWh

6  
7 Filed concurrently with my direct testimony is the tariff sheet that contains the formula  
8 that Ameren Missouri used to calculate the FAR. Also included in the tariff sheet are the  
9 values for each element of the formula that were used to derive the FAR. This will result  
10 in charges under the FAR of approximately \$0.61 per month for a typical residential  
11 customer. This is an increase from the FAR currently in effect, which resulted in a  
12 refund of approximately \$0.02 per month for the typical residential customer. The  
13 primary drivers for this increase were increased fuel costs and lower off-system sales  
14 margins. The increase also reflects \$1,979,533 (plus applicable interest) for the  
15 Adjustment for Reduction of Service Classification 12(M) or 13(M) Billing Determinants  
16 provided for in Rider FAC (sometimes referred to as the "N Factor") for Accumulation  
17 Period 22, calculated in accordance with the Commission's *Order Approving Second*  
18 *Stipulation and Agreement* in Case No. ER-2016-0130.

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

3 A: The data upon which Ameren Missouri based the values for each of the variables in the  
4 approved FAR formula is shown in Schedule EW-FAR. This schedule contains all of the  
5 information that is required by 4 CSR 240-3.161(7)(A), the additional N factor  
6 adjustment data described earlier and includes the workpapers that support the data  
7 contained in Schedule EW-FAR. I have also included Schedule EW-TU, which is a  
8 reproduction of Schedule EW-TU filed in the separate true-up docket for the nineteenth  
9 Recovery Period, which as earlier noted is being filed concurrently with the initiation of  
10 this docket.<sup>2</sup>

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

15 A: Ameren Missouri's Rider FAC and the Commission's rules provide two mechanisms to  
16 ensure that amounts collected from customers do not exceed Ameren Missouri's actual,  
17 prudently-incurred ANEC. First, Rider FAC and the Commission's rules require a true-  
18 up of the amounts collected from customers through Rider FAC, with any  
19 excess/unrecovered amounts to be refunded/billed to customers through prospective  
20 adjustments to the FAR calculation, with interest at Ameren Missouri's short-term  
21 borrowing rate. Second, Ameren Missouri's ANEC are subject to periodic prudence

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<sup>2</sup> 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 reviews to ensure that only prudently-incurred net energy costs are collected from  
2 customers through Ameren Missouri's Rider FAC. These two mechanisms serve as  
3 checks that ensure that the Company's customers pay only the prudently-incurred ANEC  
4 and no more.

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

7 A: As provided by 4 CSR 240-20.090(4), the Commission Staff (the "Staff") has thirty (30)  
8 days from the date the revised FAC rate schedule is filed to conduct a review and to make  
9 a recommendation to the Commission as to whether the rate schedule complies with the  
10 Commission's rules, the requirements of Section 386.266, RSMo (Cum. Supp. 2013), and  
11 Ameren Missouri's approved Rider FAC. If the Commission finds the revised Rider  
12 FAC rate schedule does comply, the FAR will take effect either pursuant to a  
13 Commission order approving the FAR or by operation of law, in either case within 60  
14 days after the FAR is filed. Because Ameren Missouri believes its filing satisfies all of  
15 the requirements of applicable statutes, the Commission's rules and Ameren Missouri's  
16 approved Rider FAC, Ameren Missouri requests that after the Staff's review, the  
17 Commission approve the FAR to be effective with the billing month of October 2016.

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

19 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 22<sup>nd</sup> Accumulation Period    )       File No. ER-2017-

**AFFIDAVIT OF ERIK C. WENBERG**

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

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

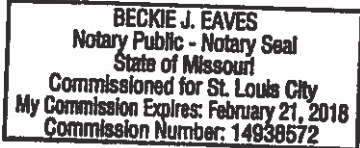
1. My name is Erik C. Wenberg. I work in the City of St. Louis, Missouri, and I am employed by Ameren Services as Director of Wholesale Power and Fuel Accounting.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of 7 pages and Schedule EW-FAR HC, all of which have been prepared in written form for filing in the EW-TU HC above-referenced docket.
3. I hereby swear and affirm that the information contained in the attached testimony to the questions therein propounded is true and correct.

  
\_\_\_\_\_  
Erik C. Wenberg

Subscribed and sworn to before me this 22<sup>nd</sup> day of July, 2016.

  
\_\_\_\_\_  
Notary Public

My commission expires:  
2-21-18





SCHEDULES EW-TU AND EW-FAR  
ARE HIGHLY CONFIDENTIAL  
IN THEIR ENTIRETY