

Exhibit No.:  
Issues: Adjustment to FAC Rate –  
Fifteenth Accumulation Period  
Witness: Erik C. Wenberg  
Sponsoring Party: Union Electric Co.  
Type of Exhibit: Direct Testimony  
Case No.: ER-2014-\_\_\_\_\_  
Date Testimony Prepared: March 28, 2014

**MISSOURI PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY**

**OF**

**ERIK C. WENBERG**

**March, 2014**  
**St. Louis, Missouri**

**NP**

**DIRECT TESTIMONY**

**OF**

**ERIK C.WENBERG**

**Case No. ER-2014-\_\_\_\_\_**

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 3rd 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 October 2013  
16 through January 2014.<sup>1</sup>

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<sup>1</sup> This four-month period is the fifteenth 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 June 2014  
17 through January 2015.

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

19 A. Ameren Missouri’s ANEC during the October 1, 2013 to January 31, 2014 Accumulation  
20 Period have increased as compared to Factor “B” applicable to that period. The primary  
21 factor driving this cost increase above the base (Factor “B”) was lower off-system sales  
22 margins. Specifically, for the subject Accumulation Period Ameren Missouri’s ANEC  
23 are more than Factor “B” by approximately \$59,985,856. In accordance with the

1 Commission's rule and Ameren Missouri's approved Rider FAC, Ameren Missouri is  
2 making this filing to set its FAR so that customers will pay 95% of this difference. Also  
3 included in this FAR is an amount reflected in the Company's twelfth true-up filing,  
4 which is being filed concurrently with the initiation of this docket (which decreases the  
5 difference by \$145,032). The new FAR will appear as a separate line item on the  
6 customers' bills starting with the June 2014 billing month, when the Recovery Period  
7 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 approximately \$59,985,856 increase in ANEC as compared to Factor "B" was  
10 calculated in the manner specified in the Company's Rider FAC, and adjusted for voltage  
11 level differences, as provided for in Rider FAC. Applying the 95% sharing ratio, the  
12 amounts resulting from the twelfth true-up filing (made concurrently with the initiation of  
13 this docket) and the applicable interest as provided for in Rider FAC, the total costs to be  
14 recovered in the FAR total \$56,884,474. That total, using estimated kWh sales for the  
15 June 2014 to January 2015 Recovery Period, as also provided for in Rider FAC, results in  
16 the following FAR amounts for the Company's customers during that Recovery Period,  
17 beginning with the billing month of June 2014:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	0.330 ¢/kWh
Primary	0.320 ¢/kWh
Large Transmission	0.309 ¢/kWh

19

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 \$3.63 per month for a typical  
5 residential customer. This is an increase from the FAR currently in effect, which resulted  
6 in charges for the typical residential customer of approximately \$2.97 per month.

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 are shown in Schedule EW-FPA, attached to my testimony. This  
11 schedule contains all of the information that is required by 4 CSR 240-3.161(7)(A) and  
12 includes the workpapers that support the data contained in Schedule EW-FPA. I have  
13 also included Schedule EW-TU, which is a reproduction of Schedule EW-TU filed in the  
14 separate true-up docket for the twelfth Recovery Period, which as earlier noted is being  
15 filed concurrently with the initiation of this docket.<sup>2</sup>

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

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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 FPA<sub>c</sub> 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 excess  
3 amounts collected to be credited to customers through prospective adjustments to the  
4 FAR calculation, with interest at Ameren Missouri's short-term borrowing rate. Second,  
5 Ameren Missouri's ANEC are subject to periodic prudence reviews to ensure that only  
6 prudently-incurred net energy costs are collected from customers through Ameren  
7 Missouri's Rider FAC. These two mechanisms serve as checks that ensure that the  
8 Company's customers pay only the prudently-incurred ANEC and no more.

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

11 A: As provided by 4 CSR 240-20.090(4), the Commission Staff (the "Staff") has thirty (30)  
12 days from the date the revised FAC rate schedule is filed to conduct a review and to make  
13 a recommendation to the Commission as to whether the rate schedule complies with the  
14 Commission's rules, the requirements of Section 386.266, RSMo (Cum. Supp. 2011), and  
15 Ameren Missouri's approved Rider FAC. If the Commission finds the revised Rider  
16 FAC rate schedule does comply, the FAR will take effect either pursuant to a  
17 Commission order approving the FAR or by operation of law, in either case within 60  
18 days after the FAR was filed. Because Ameren Missouri believes its filing satisfies all of  
19 the requirements of applicable statutes, the Commission's rules and Ameren Missouri's  
20 approved Rider FAC, Ameren Missouri requests that after the Staff's review, the  
21 Commission approve the FAR to be effective with the billing month of June 2014.

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 ) File No. ER-2014-  
the 15th Accumulation Period )

**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 Director, 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 Schedules <sup>EW-FPA & EW-TU</sup> \_\_\_\_\_, 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 is true and correct.

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

Subscribed and sworn to before me this 26<sup>th</sup> day of March, 2014.

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

My commission expires:

NE  
Julie Irby - Notary Public  
Notary Seal, State of  
Missouri - St. Louis County  
Commission #13753418  
My Commission Expires 1/15/2017

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



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