

Exhibit:
Issues: Adjustment to FAC Rate –
Twentieth Accumulation Period
Witness: Erik C. Wenberg
Sponsoring Party: Union Electric Co.
Type of Exhibit: Direct Testimony
Case No.: ER-2016-_____
Date Testimony Prepared: November 25, 2015

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

ERIK C. WENBERG

**November, 2015
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 Avenue, 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 support
7 services to Union Electric Company d/b/a Ameren Missouri (“Company” or “Ameren Missouri”)
8 including settlement and accounting related to fuel, purchased power and off-system sales.

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

10 A: My testimony supports 2nd Revised Sheet No. 73.11 of Ameren Missouri’s
11 Schedule No. 6 – Schedule of Rates for Electric Service, that is being filed by Ameren Missouri
12 to adjust customer rates for changes in Ameren Missouri’s fuel and purchased power costs, net
13 off-system sales revenues, and associated transportation (i.e., Actual Net Energy Costs, or
14 “ANEC”), which were experienced during the four-month period of June 2015 through
15 September 2015.¹

¹ This four-month period is the twentieth 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 and ER-2014-0258.

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

3 A: The Commission’s rule governing fuel and purchased power cost recovery
4 mechanisms for electric utilities – specifically 4 CSR 240-20.090(4) – and Ameren Missouri’s
5 Rider 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 Rider FAC
8 tariff) applicable to that same Accumulation Period. That change is then to be reflected in an
9 adjustment to the Rider FAC Fuel Adjustment Rate (i.e., Factor “FAR” in Rider FAC). This
10 adjustment can be positive (a FAR of greater than zero) or negative (a FAR of less than zero).
11 The Commission’s rule requires at least one such review and adjustment each year. Ameren
12 Missouri’s approved FAC tariff calls for three filings annually – one filing covering each of the
13 three four-month Accumulation Periods reflected in Rider FAC. The changes in the FAR
14 implemented in these three filings are then collected from or refunded to customers over the
15 applicable Recovery Period. The Recovery Period applicable to this filing will consist of the
16 billing months of February 2016 through September 2016.

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

18 A. Ameren Missouri’s ANEC during the June 1, 2015 to September 30, 2015
19 Accumulation Period were slightly higher than the Factor “B” applicable to that period.
20 Specifically, for the subject Accumulation Period, Ameren Missouri’s ANEC were \$577,289
21 more than the Factor “B” for that period. In accordance with the Commission’s rule and Ameren
22 Missouri’s approved Rider FAC, Ameren Missouri is making this filing to set its FAR so that
23 customers will pay 95% of this difference. Also included in this FAR is the true-up amount

1 reflected in the Company's seventeenth true-up filing, which is being filed concurrently with the
2 initiation of this docket and increases the above difference by \$566,101. The new FAR will
3 appear as a separate line item on customers' bills starting with the February 2016 billing month,
4 when the Recovery Period applicable to the subject Accumulation Period begins.

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

7 A: The \$577,289 increase in ANEC as compared to Factor "B" was calculated in the
8 manner specified in the Company's Rider FAC, and adjusted for voltage level differences, as
9 provided for in Rider FAC. Applying the 95% sharing ratio, the \$566,101 amount referenced
10 above from the seventeenth true-up filing (made concurrently with the initiation of this docket)
11 and the applicable refund of interest totaling \$733,625 as provided for in Rider FAC (which
12 includes a refund of \$3,373 in interest for the current Accumulation Period and a refund of
13 \$730,252 in interest for the true-up of Accumulation Period 17), the total adjustment to be
14 reflected in the FAR is \$380,901. That total, using estimated kWh sales for the February 2016 to
15 September 2016 Recovery Period, results in an Initial Rate Component to be applied to the
16 Company's Individual Service Classifications. As provided for in Rider FAC, to the extent the
17 Industrial Aluminum Smelter Service Classification Initial Rate Component exceeds
18 \$0.002/kWh, the difference is applied to the remaining Individual Service Classifications to
19 arrive at the FAR amounts that will be billed during the applicable Recovery Period. As the
20 Industrial Aluminum Smelter Service Classification Initial Rate Component for the subject
21 Accumulation Period did not exceed \$0.002/kWh, there was no difference to be applied to the
22 remaining Individual Service Classifications. The following are the FAR amounts for the

1 Company's customers during the Recovery Period associated with Accumulation Period 20,
2 beginning with the billing month of February 2016:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Industrial Aluminum Smelter	0.182 ¢/kWh
Secondary	0.195 ¢/kWh
Primary	0.189 ¢/kWh
Transmission	0.182 ¢/kWh

3 Filed concurrently with my direct testimony is the tariff sheet that contains the formula
4 that Ameren Missouri used to calculate the FAR. Also included in the tariff sheet are the values
5 for each element of the formula that were used to derive the FAR. This will result in charges
6 under the FAR of approximately \$2.15 per month for a typical residential customer. This is a
7 decrease from the FAR currently in effect, which resulted in charges for the typical residential
8 customer of approximately \$5.08 per month. The primary drivers for this decrease were higher
9 net base energy costs resulting from the rebase of net energy costs in Case No. ER-2014-0258
10 and the absence of any recoverable cost difference needing to be applied to Ameren Missouri's
11 other service classifications since the Industrial Aluminum Smelter FAR is less than
12 \$0.002/kWh.

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

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

1 Schedule EW-TU, which is a reproduction of Schedule EW-TU filed in the separate true-up
2 docket for the seventeenth Recovery Period being filed concurrently with the initiation of this
3 docket, as earlier noted.²

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

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

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

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

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 make a recommendation to the Commission as to whether the rate schedule complies with the
2 Commission's rules, the requirements of Section 386.266, RSMo (Cum. Supp. 2013), and
3 Ameren Missouri's approved Rider FAC. If the Commission finds the revised Rider FAC rate
4 schedule does comply, the FAR will take effect either pursuant to a Commission order approving
5 the FAR or by operation of law, in either case, within sixty (60) days after the FAR is filed.
6 Because Ameren Missouri believes its filing satisfies all of the requirements of applicable
7 statutes, the Commission's rules and Ameren Missouri's approved Rider FAC, Ameren Missouri
8 requests that after the Staff's review, the Commission approve the FAR to be effective with the
9 billing month of February 2016.

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

11 **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-2016-
the 20th Accumulation Period)

AFFIDAVIT OF ERIK C. WENBERG

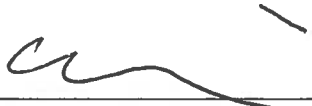
STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

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 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 6 pages and Schedule EW-FAR & EW-TU, 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.



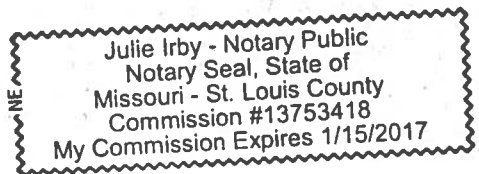
Erik C. Wenberg

Subscribed and sworn to before me this 7th day of November, 2015.



Notary Public

My commission expires:



**SCHEDULE EW-FAR and
SCHEDULE EW-TU
HAVE BEEN MARKED
HIGHLY CONFIDENTIAL
IN THEIR ENTIRETY**