

Exhibit No.:
Issues: Adjustment to FAC Rate –
Eighteenth Accumulation Period
Witness: Erik C. Wenberg
Sponsoring Party: Union Electric Co.
Type of Exhibit: Direct Testimony
Case No.: ER-2015-_____
Date Testimony Prepared: March 27, 2015

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

ERIK C. WENBERG

March, 2015
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 6th 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, net off-
14 system sales revenues, and associated transportation (i.e., Annual Net Energy Costs, or
15 “ANEC”), which were experienced during the four-month period October 2014 through
16 January 2015.¹

¹ This four-month period is the eighteenth 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 2015
17 through January 2016.

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

19 A. Ameren Missouri’s ANEC during the October 1, 2014 to January 31, 2015 Accumulation
20 Period have increased as compared to Factor “B” applicable to that period. The primary
21 factor driving this increase above the base (Factor “B”) was lower sales revenues which
22 resulted in lower off-system sales margins. Specifically, for the subject Accumulation
23 Period Ameren Missouri’s ANEC are more than Factor “B” for that period by

1 \$62,117,878. In accordance with the Commission's rule and Ameren Missouri's
2 approved Rider FAC, Ameren Missouri is making this filing to set its FAR so that
3 customers will pay 95% of this difference. Also included in this FAR is the true-up
4 amount reflected in the Company's fifteenth true-up filing, which is being filed
5 concurrently with the initiation of this docket and increases the above difference by
6 \$630,030. The new FAR will appear as a separate line item on the customers' bills
7 starting with the June 2015 billing month, when the Recovery Period applicable to the
8 subject Accumulation Period begins.

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

10 A: The \$62,117,878 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 \$630,030
13 amount referenced above from the fifteenth true-up filing (made concurrently with the
14 initiation of this docket) and the applicable recovery of interest totaling \$339,400 as
15 provided for in Rider FAC (which includes \$57,278 for the current Accumulation Period
16 and \$282,122 for the true-up of Recovery Period 15), the costs to be recovered in the
17 FAR total \$59,981,414. That total, using estimated kWh sales for the June 2015 to
18 January 2016 Recovery Period, as also provided for in Rider FAC, result in the following
19 FAR amounts for the Company's customers during that Recovery Period, beginning with
20 the billing month of June 2015:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	0.420 ¢/kWh
Primary	0.407 ¢/kWh
Transmission	0.394 ¢/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 \$4.62 per month for a typical
5 residential customer. This is a slight decrease from the FAR currently in effect, which
6 resulted in charges for the typical residential customer of approximately \$4.64 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-FAR, 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-FAR. 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 fifteenth Recovery Period, which as earlier noted is being
15 filed concurrently with the initiation of this docket.²

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

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

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

18 A: As provided by 4 CSR 240-20.090(4), the Commission Staff (the “Staff”) has thirty (30)
19 days from the date the revised FAC rate schedule is filed to conduct a review and to make
20 a recommendation to the Commission as to whether the rate schedule complies with the
21 Commission’s rules, the requirements of Section 386.266, RSMo (Cum. Supp. 2013), and
22 Ameren Missouri’s approved Rider FAC. If the Commission finds the revised Rider
23 FAC rate schedule does comply, the FAR will take effect either pursuant to a

1 Commission order approving the FAR or by operation of law, in either case within 60
2 days after the FAR is filed. Because Ameren Missouri believes its filing satisfies all of
3 the requirements of applicable statutes, the Commission's rules and Ameren Missouri's
4 approved Rider FAC, Ameren Missouri requests that after the Staff's review, the
5 Commission approve the FAR to be effective with the billing month of June 2015.

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

7 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-2015-
the 18th 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 7 pages and Schedules 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.



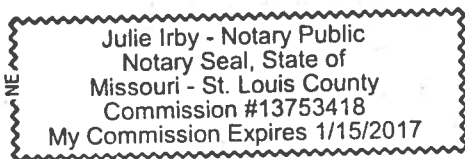
Erik C. Wenberg

Subscribed and sworn to before me this 25th day of March, 2015.



Notary Public

My commission expires:



**SCHEDULE EW-FAR
IS HIGHLY CONFIDENTIAL
IN ITS ENTIRETY**

**SCHEDULE EW-TU
IS HIGHLY CONFIDENTIAL
IN ITS ENTIRETY**