

Exhibit No.:
Issues: Adjustment to FAC Rate –
Twenty-Third Accumulation
Period
Witness: Erik C. Wenberg
Sponsoring Party: Union Electric Co.
Type of Exhibit: Direct Testimony
Case No.: ER-2016-_____
Date Testimony Prepared: November 21, 2016

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

ERIK C. WENBERG

**November, 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 5th 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 June 2016
16 through September 2016.¹

¹ This four-month period is the twenty-third 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 February
17 2017 through September 2017.

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

19 A. Ameren Missouri’s ANEC during the June 1, 2016 to September 30, 2016 Accumulation
20 Period increased by \$11,474,852 as compared to the Factor “B” applicable to that same
21 period. The primary factors driving this increase above the base (Factor "B") were the
22 Adjustment for Reduction of Service Classification 12(M) or 13(M) Billing Determinants

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

1 provided for in Rider FAC (referred to as the “N Factor” and calculated in accordance
2 with the Commission’s *Order Approving Second Stipulation and Agreement* in Case No.
3 ER-2016-0130) and lower off-system sales margins, partially offset by higher net
4 capacity revenues. Also included in this filing is the true-up amount reflected in the
5 Company’s twentieth true-up filing, which is being filed concurrently with the initiation
6 of this docket. The above results in a Fuel and Purchased Power Adjustment (FPA) of
7 \$13,455,944 which, as described further below, will produce the FAR rates that will
8 appear as a separate line item to be applied to customers' bills during the 23rd Recovery
9 Period that starts with the first day of the February, 2017 billing month.

10 **Q: Please further describe the impact of the change in the FAR on the Company’s**
11 **customers.**

12 A: The \$11,474,852 increase in ANEC during the 23rd Accumulation Period as compared to
13 Factor “B” for that Accumulation Period was calculated in the manner specified in the
14 Company’s Rider FAC, and adjusted for voltage level differences, as provided for in
15 Rider FAC. Applying the 95% sharing ratio, the true-up amount of \$3,264,324 from the
16 twentieth true-up filing (made concurrently with the initiation of this docket) and the
17 applicable refund of interest totaling -\$709,489 as provided for in Rider FAC (which
18 includes the recovery of \$14,814 in interest for the current Accumulation Period and the
19 refund of -\$724,303 in interest for the true-up of Accumulation Period 20), the total
20 adjustment to be reflected in the FAR is \$13,455,944. That total, when using the
21 estimated kWh sales for the February 2017 to September 2017 Recovery Period, results
22 in an Initial Rate Component to be applied to the Company's Individual Service
23 Classifications. As provided for in Rider FAC, to the extent the Industrial Aluminum

1 Smelter Service Class Initial Rate Component exceeds \$0.002/kWh, the difference is
2 applied to the remaining Individual Service Classifications to arrive at the FAR amounts
3 that will be billed during the applicable Recovery Period. As the Industrial Aluminum
4 Smelter Service Class Initial Rate Component for the subject Accumulation Period did
5 not exceed \$0.002/kWh, there was no difference to be applied to the remaining Individual
6 Service Classifications. The following are the FAR amounts for the Company's
7 customers during the Recovery Period associated with Accumulation Period 23,
8 beginning with the billing month of February 2017:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Industrial Aluminum Smelter	0.116 ¢/kWh
Secondary	0.124 ¢/kWh
Primary	0.120 ¢/kWh
Transmission	0.116 ¢/kWh

9
10 Filed concurrently with my direct testimony is the tariff sheet that contains the formula
11 that Ameren Missouri used to calculate the FAR. Also included in the tariff sheet are the
12 values for each element of the formula that were used to derive the FAR. This will result
13 in charges under the FAR of approximately \$1.26 per month for a typical residential
14 customer. This is an increase from the FAR currently in effect, which resulted in a
15 charge of approximately \$0.61 per month for the typical residential customer.

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

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

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

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

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 checks that ensure that the Company's customers pay only the prudently-incurred ANEC
2 and no more.

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

5 A: As provided by 4 CSR 240-20.090(4), the Commission Staff (the "Staff") has thirty (30)
6 days from the date the revised FAC rate schedule is filed to conduct a review and to make
7 a recommendation to the Commission as to whether the rate schedule complies with the
8 Commission's rules, the requirements of Section 386.266, RSMo (Cum. Supp. 2013), and
9 Ameren Missouri's approved Rider FAC. If the Commission finds the revised Rider
10 FAC rate schedule does comply, the FAR will take effect either pursuant to a
11 Commission order approving the FAR or by operation of law, in either case within 60
12 days after the FAR is filed. Because Ameren Missouri believes its filing satisfies all of
13 the requirements of applicable statutes, the Commission's rules and Ameren Missouri's
14 approved Rider FAC, Ameren Missouri requests that after the Staff's review, the
15 Commission approve the FAR to be effective with the billing month of February 2017.

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

17 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 23rd Accumulation Period) File No. ER-2016-

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.

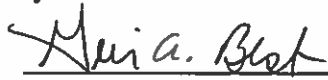
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of 7 pages and Schedules EW-TU, EW-FAR, all of which have been prepared in written form for filing in the above-referenced docket.

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 21st day of November 2016.



Notary Public

My commission expires:

GERI A. BEST Notary Public - Notary Seal State of Missouri Commissioned for St. Louis County My Commission Expires: February 15, 2018 Commission Number: 11829844
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Schedules EW-FAR and EW-TU
ARE HIGHLY CONFIDENTIAL
IN THEIR ENTIRETY