

Exhibit No.:  
Issues: Adjustment To FAC Rate – Fifth  
Accumulation Period  
Witness: Jeff L. Dodd  
Sponsoring Party: Union Electric Co.  
Type of Exhibit: Direct Testimony  
Case No.: ER-2011-\_\_\_\_\_  
Date Testimony Prepared: November 24, 2010

**MISSOURI PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY**

**OF**

**JEFF L. DODD**

**November, 2010  
St. Louis, Missouri**

**NP**

**DIRECT TESTIMONY**

**OF**

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**Case No. ER-2011-\_\_\_\_\_**

1   **Q:   Please state your name and business address.**

2   A:   My name is Jeff L. Dodd. My business address is One Ameren Plaza, St. Louis,  
3       Missouri.

4   **Q:   By whom and in what capacity are you employed?**

5   A:   I am employed by Ameren Services Company (“Ameren Services”) as Manager,  
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 Second Revised Sheet No. 98.14 of Ameren Missouri’s Schedule  
12       No. 5 – 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 of off-system sales revenues (i.e., net fuel costs), which were experienced during the  
15       four-month period June 2010 through September 2010. This four-month period is the  
16       fifth Accumulation Period under Ameren Missouri’s Fuel and Purchased Power  
17       Adjustment Clause (“Rider FAC”), which was initially approved by the Commission in  
18       Case No. ER-2008-0318 and reaffirmed in Case No. ER-2010-0036.

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 tariff, require the Company to make periodic filings to adjust customer rates for  
6 changes in Ameren Missouri's actual net fuel costs experienced during each  
7 Accumulation Period as compared to the base level of net fuel costs (the "net base fuel  
8 costs" or "NBFC" listed in the Company's Rider FAC tariff) applicable to that same  
9 Accumulation Period. That change is then to be reflected in an adjustment to the Rider  
10 FAC rate (i.e., Factor "FPA<sub>c</sub>" in the Rider FAC tariff). This adjustment can be positive  
11 (an increase in the FAC rate) or negative (a decrease in the FAC rate). The  
12 Commission's rule requires at least one such review and adjustment each year. Ameren  
13 Missouri's approved FAC tariff calls for three filings annually – one filing covering each  
14 of the three four-month Accumulation Periods reflected in the FAC Tariff. The increases  
15 or decreases in the FAC factor implemented in these three filings are then collected from  
16 or refunded to customers over three twelve-month Recovery Periods. The Recovery  
17 Period applicable to this filing consists of the billing months of February 2011 through  
18 January 2012.

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

20 A. Ameren Missouri's net fuel costs during the June 1, 2010 to September 30, 2010  
21 Accumulation Period have increased as compared to the NBFC applicable to that period,  
22 as set in the Company's last rate case that reaffirmed Ameren Missouri's Rider FAC.  
23 The factors driving this cost increase were lower off-system sales revenues partially

offset by lower purchased power and fuel costs. Specifically, for the subject Accumulation Period Ameren Missouri's net fuel costs are more than the NBFC for that period by approximately \$66,069,622. In accordance with the Commission's rule and Ameren Missouri's approved Rider FAC, Ameren Missouri is making this filing to set its FPA<sub>c</sub> rate so that customers will pay 95% of this cost increase. The new FPA<sub>c</sub> rate will appear as a separate line item on the customers' bills starting with the February, 2011 billing month, when the Recovery Period applicable to the subject Accumulation Period begins.

**Q: Please describe the impact of this increase in costs on the Company's customers.**

A: The approximately \$66,069,622 increase in net fuel costs was calculated in the manner specified in the Company's Rider FAC, and adjusted for voltage level differences, as provided for in the Rider FAC tariff. Applying the 95% sharing ratio and applicable interest results in an increase of \$63,176,494 and results in the following FPA<sub>c</sub> rates for the Company's customers for the recovery period, beginning with the billing month of February 2011:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	0.479 ¢/kWh
Primary	0.464 ¢/kWh
Large Transmission	0.450 ¢/kWh

Filed concurrently with my direct testimony is a copy of the tariff sheet that contains the formula that Ameren Missouri used to calculate the FPA<sub>c</sub> rates. Also

1 included in the tariff sheet are the values for each element of the formula that were used  
2 to derive the FPA<sub>c</sub> rates. This will result in an FPA<sub>c</sub> rate of approximately \$5.27 per  
3 month for a typical residential customer. The current FPA<sub>c</sub> equates to approximately  
4 \$4.03 per month for the typical residential, meaning this adjustment will add  
5 approximately \$1.24 per month to the typical residential customer's bill.

6 **Q: How did you develop the various values used to derive the proposed FPA<sub>c</sub> rates that**  
7 **are shown on the tariff sheet?**

8 A: The data upon which Ameren Missouri based the values for each of the variables in the  
9 approved FPA<sub>c</sub> formula are shown in Schedule JD-1, attached to my testimony. This  
10 schedule contains all of the information that is required by CSR 240-3.161(7)(A) and  
11 includes the workpapers that support the data contained in Schedule JD-1.

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

16 A: Ameren Missouri's Rider FAC and the Commission's rules provide two mechanisms to  
17 ensure that amounts collected from customers do not exceed Ameren Missouri's actual,  
18 prudently-incurred net fuel costs. First, the Rider FAC and the Commission's rules  
19 require a true-up of the amounts collected from customers through the Rider FAC, with  
20 any excess amounts collected to be credited to customers through prospective  
21 adjustments to the FPA<sub>c</sub> rates, with interest at Ameren Missouri's short-term borrowing  
22 rate. Second, Ameren Missouri's net fuel costs are subject to periodic prudence reviews  
23 to ensure that only prudently-incurred net fuel costs are collected from customers through

1 Ameren Missouri's Rider FAC. These two mechanisms serve as checks that ensure that  
2 the Company's customers pay only the prudently-incurred, actual net fuel costs and no  
3 more.

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

6 A: As provided by 4 CSR 240-20.090(4), the Commission Staff (the "Staff") has thirty (30)  
7 days from the date the revised FAC rate schedule is filed to conduct a review and to make  
8 a recommendation to the Commission as to whether the rate schedule complies with the  
9 Commission's rules, the requirements of Section 386.266, RSMo (Cum. Supp. 2008), and  
10 Ameren Missouri's approved Rider FAC. If the Commission finds the revised Rider  
11 FAC rate schedule does comply, the FPA<sub>c</sub> rate will take effect either pursuant to a  
12 Commission order approving the FPA<sub>c</sub> rate or by operation of law, in either case within  
13 60 days after the FPA<sub>c</sub> rate was filed. Because Ameren Missouri believes its filing  
14 satisfies all of the requirements of applicable statutes, the Commission's rules and  
15 Ameren Missouri's approved Rider FAC, Ameren Missouri requests that after the Staff's  
16 review, the Commission approve the FPA<sub>c</sub> rate to be effective with the billing month of  
17 February, 2011.

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

19 A: Yes, it does.

## AFFIDAVIT OF JEFF L. DODD

**Amanda Tesdall - Notary Public**  
**Notary Seal, State of**  
**Missouri - St. Louis County**  
**Commission #07158967**  
**My Commission Expires 7/25/2011**

Schedule JD-1 is  
Highly Confidential  
and has been removed  
in its entirety.