

Exhibit No.:  
Issues: Adjustment to FAC Rate –  
Fourth Accumulation Period  
Witness: Jeff L. Dodd  
Sponsoring Party: Union Electric Co.  
Type of Exhibit: Direct Testimony  
Case No.: ER-2011-\_\_\_\_\_  
Date Testimony Prepared: July 23, 2010

**MISSOURI PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY**

**OF**

**JEFF L. DODD**

**July, 2010**  
**St. Louis, Missouri**

**NP**

**DIRECT TESTIMONY**

**OF**

**JEFF L. DODD**

**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 AmerenUE (“Company” or  
8       “AmerenUE”), including settlement and accounting related to fuel, purchased power and  
9       off-system sales.

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

11  A:   My testimony supports First Revised Sheet No. 98.14 of AmerenUE’s Schedule No. 5 –  
12       Schedule of Rates for Electric Service that is being filed by AmerenUE to adjust  
13       customer rates for changes in AmerenUE’s fuel and purchased power costs net of off-  
14       system sales revenues (i.e., net fuel costs), which were experienced during the four-  
15       month period February 2010 through May 2010. This four-month period is the fourth  
16       Accumulation Period under AmerenUE’s Fuel and Purchased Power Adjustment Clause  
17       (“Rider FAC”), which was approved by the Commission in Case No. ER-2008-0318.

18  **Q:   Please explain why AmerenUE is filing a revision to its Rider FAC at this time.**

1 A: The Commission's rule governing fuel and purchased power cost recovery mechanisms  
2 for electric utilities – specifically 4 CSR 240-20.090(4) – and AmerenUE's Rider FAC  
3 tariff, require AmerenUE to make periodic filings to adjust customer rates for changes in  
4 AmerenUE's actual net fuel costs experienced during each Accumulation Period as  
5 compared to the base level of net fuel costs (the "net base fuel costs" or "NBFC" listed in  
6 the Company's Rider FAC tariff) applicable to that same Accumulation Period. That  
7 change is then to be reflected in an adjustment to the Rider FAC rate (i.e., Factor "FPA<sub>c</sub>"  
8 in the Rider FAC tariff). This adjustment can be positive (an increase in the FAC rate) or  
9 negative (a decrease in the FAC rate). The Commission's rule requires at least one such  
10 review and adjustment each year. AmerenUE's approved FAC tariff calls for three  
11 filings annually – one filing covering each of the three four-month Accumulation Periods  
12 reflected in the FAC Tariff. The increases or decreases in the FAC factor implemented in  
13 these three filings are then collected from or refunded to customers over three twelve-  
14 month Recovery Periods. The Recovery Period applicable to this filing is the billing  
15 months of October 2010 through September 2011.

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

17 A. AmerenUE's net fuel costs during the February 1, 2010 to May 31, 2010 Accumulation  
18 Period have increased as compared to the NBFC applicable to that period, as set in the  
19 Company's last rate case that established AmerenUE's Rider FAC. The factors driving  
20 this cost increase were lower off-system energy sales revenue due to economic conditions  
21 and lower power prices. Specifically, for the subject Accumulation Period AmerenUE's  
22 net fuel costs are more than the NBFC for that period by approximately \$74,974,480. In  
23 accordance with the Commission's rule and AmerenUE's approved Rider FAC,

AmerenUE is making this filing to set its FPA<sub>c</sub> rate so that customers will receive 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 October billing month, when the Recovery Period applicable to the subject Accumulation Period begins.

**Q: Please describe the impact of this increase in costs and how it will affect a typical customer.**

A: The approximately \$74,974,480 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 \$71,618,461 and results in the following FPA<sub>c</sub> rates for the Company's customers beginning with the Recovery Period starting with the billing month of October 2010:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	0.366 ¢/kWh
Primary	0.353 ¢/kWh
Large Transmission	0..341 ¢/kWh

Filed concurrently with my direct testimony is a copy of the tariff sheet that explains the formula that AmerenUE used to calculate the FPA<sub>c</sub>. Also included in the tariff sheet are the values for each element of the formula that were used to derive the FPA<sub>c</sub> rates. This will result in an FPA<sub>c</sub> rate of approximately \$4.03 per month for a typical residential customer.

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

3 A: The data upon which AmerenUE based the values for each of the variables in the  
4 approved FPA<sub>c</sub> formula are shown in Schedule JD-1, attached to my testimony. This  
5 schedule contains all of the information that is required by CSR 240-3.161(7)(A) and  
6 includes the work papers that support the data contained in Schedule JD-1.

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

11 A: AmerenUE's Rider FAC and the Commission's rules provide two mechanisms to ensure  
12 that amounts collected from customers do not exceed AmerenUE's actual, prudently-  
13 incurred net fuel costs. First, the Rider FAC and the Commission's rules require a true-  
14 up of the amounts collected from customers through the Rider FAC, with any excess  
15 amounts collected to be credited to customers through prospective adjustments to the  
16 FPA<sub>c</sub> rates, with interest at AmerenUE's short-term borrowing rate. Second,  
17 AmerenUE's net fuel costs are subject to periodic prudence reviews to ensure that only  
18 prudently-incurred net fuel costs are collected from customers through AmerenUE's  
19 Rider FAC. These two mechanisms serve as checks that ensure that the Company's  
20 customers pay only the prudently-incurred, actual net fuel costs and no more.

21 **Q: What action is AmerenUE requesting from the Commission with respect to the rate**  
22 **schedule that the Company has filed?**

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

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

14    A:     Yes, it does.

## AFFIDAVIT OF JEFF L. DODD

**Amanda Tesdall - Notary Public**  
**Notary Seal, State of**  
**Missouri - St. Louis County**  
**Commission #07158967**  
**Commission Expires 7/29/2011**

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