

Exhibit No.:
Issues: Adjustment To FAC Rate –
Second Accumulation Period
Witness: Jeff L. Dodd
Sponsoring Party: Union Electric Co.
Type of Exhibit: Direct Testimony
Case No.: ER-2010-_____
Date Testimony Prepared: November 25, 2009

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

JEFF L. DODD

**November, 2009
St. Louis, Missouri**

NP

DIRECT TESTIMONY

OF

JEFF L. DODD

Case No. ER-2010-_____

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 Second Revised Sheet No. 98.7 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 June 2009 through September 2009. This four-month period is the second
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_c"
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 are the billing
15 months of February 2010 through January 2011.

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

17 A. AmerenUE's net fuel costs during the June 1, 2009 to September 30, 2009 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 include higher fuel costs and lower off-system energy sales revenue due
21 to economic conditions and lower power prices. Specifically, for the subject
22 Accumulation Period AmerenUE's net fuel costs are more than the NBFC for that period
23 by approximately \$19,806,975. In accordance with the Commission's rule and

AmerenUE's approved Rider FAC, AmerenUE is making this filing to set its FPA_c rate so that customers will receive 95% of this cost increase. The new FPA_c rate will appear as a separate line item on the customers' bills starting with the February 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 \$19,806,975 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 \$18,953,587 and results in the following FPA_c rates for the Company's customers beginning with the Recovery Period starting with the billing month of February 2010:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	(0.014) ¢/kWh
Primary	(0.014) ¢/kWh
Large Transmission	(0.013) ¢/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_c. Also included in the tariff sheet are the values for each element of the formula that were used to derive the FPA_c rates. This will result in an FPA_c rate of approximately \$0.15 per month for a typical residential customer.

1 **Q: How did you develop the various values used to derive the proposed FPA_c 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_c 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_c 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_c rate will take effect either pursuant to a Commission
7 order approving the FPA_c rate or by operation of law, in either case within 60 days after
8 the FPA_c 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_c rate to be effective with the billing month of February, which is the Recovery
12 Period prescribed in AmerenUE’s tariff.

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

14 A: Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

AFFIDAVIT OF JEFF L. DODD

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

Jeff L. Dodd, being first duly sworn on his oath, states:

1. My name is Jeff L. Dodd. I work in the City of St. Louis, Missouri, and I am employed by Ameren Services as a Manager, 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 AmerenUE consisting of 6 pages and Schedule JD-1, 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 are true and correct.



Jeff L. Dodd

Subscribed and sworn to before me this 25th day of November, 2009.



Notary Public

My commission expires:



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