

Exhibit No.:
Issues: Adjustment to FAC Rate –
Eighth Accumulation Period
Witness: Jeff L. Dodd
Sponsoring Party: Union Electric Co.
Type of Exhibit: Direct Testimony
Case No.: ER-2012-_____
Date Testimony Prepared: November 28, 2011

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

JEFF L. DODD

**November 28, 2011
St. Louis, Missouri**

DIRECT TESTIMONY

OF

JEFF L. DODD

Case No. ER-2012-_____

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 1st Revised Sheet No. 98.21 of Ameren Missouri’s Schedule No.
12 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 2011 through September 2011.¹

¹ This four-month period is eighth 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 and ER-2011-0028.

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 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_c" in Rider FAC). This adjustment can be positive (an
11 increase in the FAC rate) or negative (a decrease in the FAC rate). The Commission's
12 rule requires at least one such review and adjustment each year. Ameren Missouri's
13 approved FAC tariff calls for three filings annually – one filing covering each of the three
14 four-month Accumulation Periods reflected in Rider FAC. The increases or decreases in
15 the FAC factor implemented in these three filings are then collected from or refunded to
16 customers over the applicable Recovery Period. The Recovery Period applicable to this
17 filing will consist of the billing months of February 2012 through September 2012.

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

19 A. Ameren Missouri's net fuel costs during the June 1, 2011 to September 30, 2011,
20 Accumulation Period have increased as compared to the NBFC applicable to that period.
21 The factors driving this cost increase were lower off-system sales margins and increased
22 purchased power costs partially offset by lower baseload fuel costs and higher Midwest
23 Independent Transmission System Operator, Inc. revenues. Specifically, for the subject

1 Accumulation Period Ameren Missouri's net fuel costs are more than the NBFC for that
2 period by approximately \$29,408,780. In accordance with the Commission's rule and
3 Ameren Missouri's approved Rider FAC, Ameren Missouri is making this filing to set its
4 FPA_c rate so that customers will pay 95% of this cost increase. Also included in this
5 FPA_c rate are amounts resulting from the order issued in Case Number ER-2012-0029
6 (The Company's third true-up docket; this increases net fuel costs by an additional
7 \$1,022,396), and amounts reflected in the Company's fourth true-up filing, which is
8 being filed concurrently with the initiation of this docket (which increases net fuel costs
9 by another \$3,854,238). The new FPA_c rate will appear as a separate line item on the
10 customers' bills starting with the February, 2012 billing month, when the Recovery
11 Period applicable to the subject Accumulation Period begins.

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

13 A: The approximately \$29,408,780 increase in net fuel costs was calculated in the manner
14 specified in the Company's Rider FAC, and adjusted for voltage level differences, as
15 provided for in Rider FAC. Applying the 95% sharing ratio, the amount ordered in Case
16 Number ER-2012-0029 (the third true-up docket), the amount resulting from the fourth
17 true-up filing made concurrently with the initiation of this docket, plus applicable interest
18 as provided for in Rider FAC, results in a total increase of \$34,353,897. That total
19 increase, using estimated kWh sales for the February 1, 2012 to September 30, 2012
20 Recovery Period, as also provided for in Rider FAC, results in the following FPA_c rates
21 for the Company's customers during that Recovery Period, beginning with the billing
22 month of February 2012:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	0.158 ¢/kWh
Primary	0.154 ¢/kWh
Large Transmission	0.149 ¢/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_c rates. 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 charges under the FPA_c rate of approximately \$1.74 per month for a typical residential customer.

Q: How did you develop the various values used to derive the proposed FPA_c rates that are shown on the tariff sheet?

A: The data upon which Ameren Missouri based the values for each of the variables in the approved FPA_c formula are shown in Schedule JD-AP1, attached to my testimony. This schedule contains all of the information that is required by CSR 240-3.161(7)(A) and includes the workpapers that support the data contained in Schedule JD-AP1. I have also included a second Schedule, Schedule JD-TU 1, which is a reproduction of Schedule JD-TU 1 filed in the separate true-up docket for the Fourth Recovery Period, which as earlier noted is being filed concurrently with the initiation of this docket.²

² While the Commission's FAC rules allow filings relating to changes in Net Fuel Costs 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 FPA_c rates filed in the separate, Accumulation Period filing. As earlier noted, the FPA_c rates filed in this docket also contain the sums ordered in Case No. ER-2012-0029, as required by the Commission's Report and Order in that docket.

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 fuel 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 net fuel costs. First, Rider FAC and the Commission's rules require a
8 true-up of the amounts collected from customers through the Rider FAC, with any excess
9 amounts collected to be credited to customers through prospective adjustments to the
10 FPA_c rates, with interest at Ameren Missouri's short-term borrowing rate. Second,
11 Ameren Missouri's net fuel costs are subject to periodic prudence reviews to ensure that
12 only prudently-incurred net fuel costs are collected from customers through Ameren
13 Missouri's Rider FAC. These two mechanisms serve as checks that ensure that the
14 Company's customers pay only the prudently-incurred, actual net fuel costs and no more.

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

17 A: As provided by 4 CSR 240-20.090(4), the Commission Staff (the "Staff") has thirty (30)
18 days from the date the revised FAC rate schedule is filed to conduct a review and to make
19 a recommendation to the Commission as to whether the rate schedule complies with the
20 Commission's rules, the requirements of Section 386.266, RSMo (Cum. Supp. 2010), and
21 Ameren Missouri's approved Rider FAC. If the Commission finds the revised Rider
22 FAC rate schedule does comply, the FPA_c rate will take effect either pursuant to a
23 Commission order approving the FPA_c rate or by operation of law, in either case within

1 60 days after the FPA_c rate was filed. Because Ameren Missouri believes its filing
2 satisfies all of the requirements of applicable statutes, the Commission's rules and
3 Ameren Missouri's approved Rider FAC, Ameren Missouri requests that after the Staff's
4 review, the Commission approve the FPA_c rate to be effective with the billing month of
5 February, 2012.

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

7 A: Yes, it does

In the Matter of the Adjustment of Union Electric Company)
d/b/a Ameren Missouri's Fuel Adjustment Clause for) File No. ER-2012-
the 8th Accumulation Period)

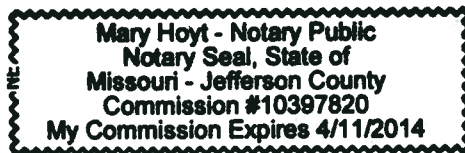
STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

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.

3. I hereby swear and affirm that the information contained in the attached testimony to the questions therein propounded are true and correct.

Subscribed and sworn to before me this 28th day of November, 2011.

My commission expires: 4-11-2014



**SCHEDULE JD-AP 1
HAS BEEN MARKED
HIGHLY CONFIDENTIAL
IN ITS ENTIRETY**

**SCHEDULE JD-TU 1
HAS BEEN MARKED
HIGHLY CONFIDENTIAL
IN ITS ENTIRETY**