

Exhibit No.:
Issues: Adjustment to FAC Rate –
Twelfth Accumulation Period
Witness: Jesse Francis
Sponsoring Party: Union Electric Co.
Type of Exhibit: Direct Testimony
Case No.: ER-2013-_____
Date Testimony Prepared: March 22, 2013

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

JESSE FRANCIS

March, 2013
St. Louis, Missouri

NP

DIRECT TESTIMONY

OF

JESSE FRANCIS

Case No. ER-2013-_____

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

2 A: My name is Jesse Francis. My business address is One Ameren Plaza, 1901 Chouteau
3 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 a Financial
6 Specialist, Wholesale Power and Fuel Accounting. Ameren Services provides various
7 corporate support services to Union Electric Company d/b/a Ameren Missouri
8 (“Company” or “Ameren Missouri”), including settlement and accounting related to fuel,
9 purchased power and off-system sales.

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

11 A: My testimony supports 1st Revised Sheet No. 98.31 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., Annual Net Energy Costs, or “ANEC”), which
15 were experienced during the four-month period October 2012 through January 2013.¹

¹ This four-month period is the twelfth 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, ER-2011-0028 and ER-2012-0166.

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 then to 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 (an increase in the FAR) or negative (a
11 decrease in the FAR). 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 increases or decreases in the FAR implemented in these
15 three filings are then collected from or refunded to customers over the applicable
16 Recovery Period. The Recovery Period applicable to this filing will consist of the billing
17 months of June 2013 through January 2014.

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

19 A. Ameren Missouri's ANEC during the October 1, 2012 to January 31, 2013 Accumulation
20 Period have increased as compared to Factor "B" applicable to that period. The factors
21 driving this cost increase were lower off-system sales margins, and higher base load fuel
22 costs. Specifically, for the subject Accumulation Period Ameren Missouri's ANEC are
23 more than Factor "B" for that period by approximately \$55,372,670. In accordance with

1 the Commission's rule and Ameren Missouri's approved Rider FAC, Ameren Missouri is
2 making this filing to set its FAR so that customers will pay 95% of this cost increase.
3 Also included in this FAR is an amount reflected in the Company's ninth true-up filing,
4 which is being filed concurrently with the initiation of this docket (which decreases the
5 FAR by \$1,248,391). The new FAR will appear as a separate line item on the customers'
6 bills starting with the June, 2013 billing month, when the Recovery Period applicable to
7 the subject Accumulation Period begins.

8 **Q: Please describe the impact of the change in the FAR on the Company's customers.**

9 A: The approximately \$55,372,670 increase in ANEC was calculated in the manner
10 specified in the Company's Rider FAC, and adjusted for voltage level differences, as
11 provided for in Rider FAC. Applying the 95% sharing ratio and the amount resulting
12 from the ninth true-up filing (made concurrently with the initiation of this docket), plus
13 applicable interest as provided for in Rider FAC, results in a total increase for customers
14 of \$51,392,369. That total increase, using estimated kWh sales for the June 2013 to
15 January 2014 Recovery Period, as also provided for in Rider FAC, results in the
16 following FAR amounts for the Company's customers during that Recovery Period,
17 beginning with the billing month of June 2013:

<u>Customer Voltage Level</u>	<u>Cents per kWh Adjustment</u>
Secondary	0.552 ¢/kWh
Primary	0.535 ¢/kWh
Large Transmission	0.518 ¢/kWh

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1 Filed concurrently with my direct testimony is the tariff sheet that contains the formula
2 that Ameren Missouri used to calculate the FAR. Also included in the tariff sheet are the
3 values for each element of the formula that were used to derive the FAR. This will
4 result in charges under the FAR of approximately \$6.07 per month for a typical
5 residential customer.

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

8 A: The data upon which Ameren Missouri based the values for each of the variables in the
9 approved FAR formula are shown in Schedule JF-FPA, attached to my testimony. This
10 schedule contains all of the information that is required by 4 CSR 240-3.161(7)(A) and
11 includes the workpapers that support the data contained in Schedule JF-FPA. I have also
12 included Schedule JF-TU, which is a reproduction of Schedule JF-TU filed in the
13 separate true-up docket for the Ninth Recovery Period, which as earlier noted is being
14 filed concurrently with the initiation of this docket.²

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

19 A: Ameren Missouri's Rider FAC and the Commission's rules provide two mechanisms to
20 ensure that amounts collected from customers do not exceed Ameren Missouri's actual,
21 prudently-incurred ANEC. First, Rider FAC and the Commission's rules require a true-

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 FPA_c rates filed in the separate, Accumulation Period filing.

1 up of the amounts collected from customers through Rider FAC, with any excess
2 amounts collected to be credited to customers through prospective adjustments to the
3 FAR calculation, with interest at Ameren Missouri's short-term borrowing rate. Second,
4 Ameren Missouri's ANEC are subject to periodic prudence reviews to ensure that only
5 prudently-incurred net energy costs are collected from customers through Ameren
6 Missouri's Rider FAC. These two mechanisms serve as checks that ensure that the
7 Company's customers pay only the prudently-incurred, ANEC and no more.

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

10 A: As provided by 4 CSR 240-20.090(4), the Commission Staff (the "Staff") has thirty (30)
11 days from the date the revised FAC rate schedule is filed to conduct a review and to make
12 a recommendation to the Commission as to whether the rate schedule complies with the
13 Commission's rules, the requirements of Section 386.266, RSMo (Cum. Supp. 2011), and
14 Ameren Missouri's approved Rider FAC. If the Commission finds the revised Rider
15 FAC rate schedule does comply, the FAR will take effect either pursuant to a
16 Commission order approving the FAR or by operation of law, in either case within 60
17 days after the FAR was filed.³ Because Ameren Missouri believes its filing satisfies all
18 of the requirements of applicable statutes, the Commission's rules and Ameren
19 Missouri's approved Rider FAC, Ameren Missouri requests that after the Staff's review,
20 the Commission approve the FAR to be effective with the billing month of June 2013.

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

22 A: Yes, it does

³ Because the Company has made this filing two days earlier than required the adjustment will not take effect until May 24, 2013, as provided for on the tariff sheet.

**SCHEDULE JF-FPA IS
HIGHLY CONFIDENTIAL
IN ITS ENTIRETY**