

Exhibit No.:
Issues: Fuel Adjustment Clause - True-
Up of Eighth Recovery Period
Witness: Erik C. Wenberg
Sponsoring Party: Union Electric Co.
Type of Exhibit: Direct Testimony
Case No.: ER-2013-____
Date Testimony Prepared: November 26, 2012

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

ERIK C. WENBERG

**November, 2012
St. Louis, Missouri**

NP

DIRECT TESTIMONY

OF

ERIK C. WENBERG

Case No. ER-2013-_____

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

2 A: My name is Erik C. Wenberg. 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 the eighth true-up filing being made by Ameren Missouri under 4
12 CSR 240-20.090(5) and the Company’s approved fuel adjustment clause (“FAC”). The
13 terms of the FAC are reflected in the FAC tariff -- Rider FAC -- on file with the
14 Commission.

15 **Q: What is the purpose of a true-up filing in the context of Ameren Missouri’s FAC?**

1 A: The purpose of a true-up filing is to identify the calculated difference between Actual Net
2 Fuel Costs¹ and Net Base Fuel Costs that were over- or under-recovered from customers
3 during the eighth Recovery Period² prescribed by the FAC.

4 **Q: Please briefly explain the FAC process, including the accumulation periods, filing**
5 **dates, recovery and true-up periods.**

6 A: The FAC process is outlined in the Company's FAC tariff. It begins with an
7 Accumulation Period which covers a four-month period in which the Company's Actual
8 Net Fuel Costs are accumulated and compared to the Net Base Fuel Costs calculated in
9 accordance with the FAC tariff. The difference between the Net Base Fuel Costs and the
10 Actual Net Fuel Costs is the amount recovered from or refunded to customers for the
11 Recovery Period at issue, based upon an estimate or projection of the kilowatt-hour
12 ("kWh") sales that are expected during the Recovery Period. This recovery, over the 8-
13 month Recovery Period at issue in this docket, occurs via application to customer bills of
14 Fuel and Purchased Power Adjustment ("FPA_c") rates (which are differentiated by
15 voltage, as provided for in the FAC tariff). New FPA_c rates take effect every four
16 months. After a Recovery Period, a true-up is filed which finalizes two things. First, Net
17 Base Fuel Costs are recalculated for the accumulation period months based upon S105
18 Midwest Independent Transmission System Operators, Inc. ("MISO") settlement
19 statements.³ The MISO settlement statements provide the kWh data for the amount of
20 energy Ameren Missouri purchased to serve its load zone and is multiplied by the Net
21 Base Fuel Costs Rate to determine Net Base Fuel Costs. Second, actual kWh sales data

¹ Capitalized terms not otherwise defined in this testimony have the meaning given them in the Company's FAC tariff, Rider FAC.

² This sum has been included in the new FPA_c rates filed in the 11th Accumulation Period docket filed concurrently with this filing, as described in my direct testimony filed in that docket.

³ "S105" stands for 105 days after the end of the period covered by the settlement statement.

1 from the Recovery Period at issue are applied to the balance to be recovered from or
2 refunded to customers for the Recovery Period at issue. Taking into account the newly
3 calculated difference between Actual Net Fuel Costs and Net Base Fuel Costs and the
4 sales data based upon actual kWh, an under- or over-recovery amount will remain to be
5 collected from or refunded to customers. That amount is then included in the next FPA_c
6 rates adjustment filing.

7 **Q: What was the timing of the accumulation and recovery relating to this true-up?**

8 A: The Accumulation Period was June 1, 2011 through September 30, 2011. The Recovery
9 Period for that Accumulation Period was February 1, 2012 through September 30, 2012.⁴

10 **Q: Why would there be a difference between the accumulated over- or under-recovery
11 and the amount collected during the Recovery Period?**

12 A: As noted earlier, Net Base Fuel Costs need to be recalculated with MISO S105 settlement
13 statements, as those amounts are not available when the FPA_c rate adjustment filing for
14 the Recovery Period at issue is originally filed.⁵ Additionally, the FPA_c rates are
15 calculated based upon estimated kWh sales for the Recovery Period. Since the FPA rates
16 are based upon an estimated number, once actual sales are recorded, a difference will
17 always exist between the estimate and the actual kWh billed.

18 **Q: What was the over- or under-recovery for the Recovery Period at issue in this
19 filing?**

⁴ The Recovery Period in this true-up filing is 8 months, as provided for in the Rider FAC in effect starting July 31, 2012, when a new Rider FAC was established in Case No. ER-2011-0028. The Accumulation Period filing being made concurrently with this filing is the first Accumulation Period filing being made after the end of this Recovery Period.

⁵ Because of the timing of the issuance of MISO settlement statements and the required timing of making FPA_c filings under Rider FAC, when the FPA_c filings are made MISO S14 settlement statement date must be used. The S14 settlement date is preliminary; the S105 data reflects that actual kilowatt-hours.

1 A: There was an under-recovery from customers during the Recovery Period due to the
2 newly calculated Net Base Fuel Costs established in Case No. ER-2011-0028 (effective
3 July 31, 2011), and the difference between actual and estimated kWh sales described
4 earlier. Accounting for the under-recovery due to the newly calculated Net Base Fuel
5 Costs, recalculations using the S105 data, and the variance between estimated and actual
6 kWh sales, plus interest at the Company's short-term borrowing rate, as provided for in
7 the FAC tariff and the Commission's FAC rules, the total true-up adjustment arising from
8 the true-up of the subject Recovery Period requires an additional recovery from
9 customers of \$1,327,563. Schedule EW-TU to this testimony (and Attachment A to that
10 schedule) contains details of the calculations that produce the sum to be recovered from
11 customers.

12 **Q: How will that sum be recovered?**

13 A: As earlier noted, it has been included as part of the adjustment to the FPA_c rates being
14 filed concurrently with the initiation of this docket.

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

16 A: Yes, it does.

In the Matter of the True-Up of Union Electric Company)
d/b/a Ameren Missouri's Fuel Adjustment Clause for the) ER-2013-
8th Recovery Period)

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

NE Julie Donohue - Notary Public
Notary Seal, State of
Missouri - St. Louis City
Commission #09753418
My Commission Expires 2/17/2013

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