BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of a Working Case to Consider Mechanisms to Encourage Infrastructure Efficiency.	)))	**File No. EW-2016-0041**

RESPONSE TO STAFF'S REQUEST FOR PARTY SUBMISSIONS

COMES NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") and for its Response to Staff's Request for Party Submissions dated November 18, 2015, specifically Staff's request pursuant to paragraph 1(b) and (c) of that pleading pertaining to proposed means of identifying underutilized infrastructure and the designation of geographic areas where under-utilized infrastructure may exist, states as follows:

1. Introduction

After careful consideration, Ameren Missouri has come to the conclusion that the concept of utilization of electric utility infrastructure has two primary ramifications as it concerns the Company's service territory. At a macro-level, when generation is included, Ameren Missouri's system has substantial room to accommodate growth in an efficient manner. While the system is not "underutilized" in relation to Company's load, headroom for new customers and new load remains; greater utilization of the system would be beneficial from both the perspective of the Company and its customers. With respect to the distribution system only, excluding generation, the majority of areas have capacity available to accommodate growth with the notable exception of areas served by 4kv circuits. Even in those areas, however, Ameren Missouri has adequate resources to increase capacity to accommodate new customers and growth.

For the reasons stated below, Ameren Missouri believes that the concept of underutilized infrastructure may play a role in the Company's efforts to assist communities in siting new development but should not be used in a manner that inhibits growth in areas with constrained

capacity to serve customers. In fact, areas served by the 4kV system (which are found in the older urban areas in St. Louis), where distribution circuit upgrades are somewhat more expensive to accommodate development, are also areas where growth should be encouraged for policy reasons, both public utility related and in general. From a utility perspective, if no growth ever occurs in these areas, there is no justification to make investments to upgrade service capacity – because the existing facilities are matched to meet the requirements of the existing load. Hence, growth in these areas where capacity is constrained is actually beneficial to the system as a whole.

2. Distribution Infrastructure Capacity – Geographic Areas

In Ameren Missouri's service territory, the most efficient and economical areas to accommodate new growth are areas where the Company has capacity available to accommodate growth. Additionally, access to easements or other parcels where electrical facilities can be located enhances the ability of the Company to economically serve a new development (or re-development, as the case may be). Areas where accommodating growth is more challenging include the older parts of the system, serving areas which were developed in the early to mid-1900s during the time of peak population density within the city of St. Louis. Those are the areas that are served by 4kV distribution circuits. Easements do exist in these areas, but finding space sufficient to accommodate distribution infrastructure required to serve a new customer can also be challenging. The areas served by the 4kV system are difficult to describe given the interconnected and overlapping nature of electrical circuits; but generally these areas include all areas inside Lindbergh Blvd and I-270 with the exception of downtown St. Louis, downtown Clayton, and some the I-64 corridor from Kingshighway to the Cortex development (Forest park area development). Despite the challenges in serving new load in these areas, Ameren Missouri

has the financial and engineering resources to accommodate new load coming onto the system and making any upgrades required to accommodate a development or re-development project. Thus, in the Company's view, there is no need to require upfront costs from customers moving into these areas.

From a ratemaking perspective, attempting to increasing costs for interconnection in urban areas with constrained capacity is not advisable. First, investment in these areas can facilitate better utilization of generation that spreads large fixed costs over a larger revenue base to the benefit of all customers, and such utilization would likely contribute revenue to more than offset any distribution upgrade related costs. Many customers want to locate in the city due to the nature of their business operations, and those customers should not be discouraged. Other neighboring utilities (Kansas and Illinois) in the Kansas City and St. Louis metro region have traditionally accepted line-extension policies in place, and losing growth to neighboring states would be detrimental to Missouri ratepayers. Further, charging similarly situated customers different costs for extensions and construction costs, or requiring more onerous guarantee terms, could very well be considered unduly discriminatory and unlawful. On its face, it would seem unfair to charge a customer (with the same usage characteristics) less to extend service in Clayton than St. Louis, which are relatively close to one another. Existing line-extension policies are silent on the capacity associated with the system, and customer costs and guarantee requirements are based upon proximity to circuits irrespective of the size of specific distribution facilities. Industrial or large commercial load may have special requirements, but these customers are already required to pay for construction related costs, costs that are inherently higher in urban areas given their density and traffic.

From a public policy standpoint, stagnation of growth in urban core areas is recognized to have socio-economic implications that ultimately negatively impact residents and businesses (including utilities) in that community, and also surrounding communities. As noted above, macro-level system utilization is benefited by growth. Inhibited development in a core urban area can have implications on the vitality of the broader region and all ratepayers.

For these reasons, considerations related to efficient utilization and capacity constrained areas do exist for Ameren Missouri, but the Company does not believe it is advisable to alter extension policies based on differences in geographic zones determined by distribution capacity. With respect to Ameren Missouri's work with communities in our service territory related to economic development, there is merit to developing additional strategies to defray costs and mitigate challenges to construct facilities in urban core areas.

3. Generation Utilization Considerations

As noted above, distribution infrastructure should not be viewed in a vacuum. Rather, the customers benefit from maximum utilization of all system infrastructure. Ameren Missouri's infrastructure is vertically integrated, and even if distribution costs may be driven by growth, central generation plant costs are spread over a larger customer base when load growth occurs. Thus, if a new development can help pay costs and contribute over the long term to supporting infrastructure, all customers will benefit from system expansion.

With respect to industrial and commercial customers, there is merit to attracting customers from technology based industries (data centers, bio-chemical, pharmaceutical, etc.) that are currently experiencing growth in order to fill the vacuum left by older industrial operations that have long ago moved away. To the extent feasible, Ameren Missouri supports efforts to encourage new customer growth on portions of the system that can be readily adapted

to such uses where it is cost effective and non-discriminatory to do so. Ameren Missouri has expertise in this area and is open to discussing new ideas and strategies.

When considering underutilization of resources, there is one additional strategy that is worthwhile to mention. Far removed from line-extension policies, but relevant to the maximization and efficient use of infrastructure, is the potential benefits of greater use of electric vehicles, which are generally charged overnight. Today, electricity cannot be stored in a large scale manner and many generators are running at night despite the lack of load during night hours. Further, distribution capacity at these hours is, by definition, underutilized because capacity is little used at these times. Greater saturation of electric vehicles in our service territory maximizes the utility of these facilities, generation and transmission. A key obstacle to expansion of electric vehicles is customer concerns about the availability of charging facilities. Ameren Missouri believes that policies to increase the benefits of electric vehicles and help customers to adopt this emerging technology have great potential to benefit both consumers and utilities.

4. Technical Information and Data

At the Commission's workshop, representatives for the Company were asked about the availability of data or technical information concerning the utilization of the Company's system. The Company has access to and maintains a staggering amount of customer usage and system operation data. To the extent the Commission Staff would find such information useful, the Ameren Missouri personnel, specifically system engineers, can be made available to explain various aspects of system planning. However, attempting to boil down the engineering planning application of dynamic and complex data in a narrative format would likely create more confusion that it would resolve. To the extent Staff is interested in discussion of specific (or

general) topics that involve application of engineering resources, please advise counsel for Ameren Missouri and the Company will make arrangements to have knowledgeable personnel available for discussions.

5. Conclusion

Ameren Missouri is attentive to the efficient siting and land use planning needs of the communities in our service area. Ameren Missouri believes close partnerships with all community planners as they establish development goals is key to mutual success, and we are open to any discussions as to how to help all of our communities bring growth to the region and to utilize utility resources in an efficient manner. Utilization of infrastructure is a consideration relative to other system planning and community needs as new customers move into (or within) the Company's service territory. New strategies to accommodate growth and renewal in the service territory should be explored, but care should be taken not to cause unintentional consequences through policy changes, and also to avoid any actions that could result in policies that are unduly discriminatory or otherwise inconsistent with regulatory requirements.

WHEREFORE, Ameren Missouri submits this response to paragraph 1(b) and (c) of Staff's Request for Party Submissions filed on November 18, 2015.

Respectfully Submitted,

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ATTORNEYS FOR UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing has been served this 8th day of November, 2015, electronically or by First Class Mail, postage prepaid, upon all of the parties hereto according to the Service List for this case.

/s/ *Matthew R. Tomc*