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

In the Matter of the Application of Union)Electric Company d/b/a Ameren Missouri)for Approval of Efficient Electrification Program.)

File No. ET-2018-0132

## APPLICATION, REQUEST FOR VARIANCE, AND REQUEST FOR ACCOUNTING AUTHORITY

COMES NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") pursuant to Section 393.140(4), RSMo (2016), 4 CSR 240-2.060, and 4 CSR 240.14.010(2), and for its application seeking approval of two new tariffed programs that are collectively referred to as the "Charge Ahead" program and approval of modifications to its existing distribution system extension procedures, all of which promote more beneficial and efficient uses of electricity, for variances from certain Missouri Public Service Commission ("Commission") regulations, and for accounting authority to defer costs associated with the Charge Ahead program, states as follows:

1. Applicant is a Missouri corporation doing business under the fictitious name of Ameren Missouri, in good standing in all respects, with its principal office and place of business located at 1901 Chouteau Ave., St. Louis, Missouri 63103. Applicant is engaged in providing electric utility services in portions of Missouri as a public utility under the jurisdiction of the Commission (see MPSC File No. ET-2018-0063 for certified copy of Applicant's Certificate of Corporate Good Standing). Applicant's Fictitious Name Registration was filed with the Missouri Secretary of State's Office (see MPSC File No. EN-2011-0069). Said documents are incorporated by reference and made a part hereof for all purposes.

2. Communications regarding this Application should be addressed to the undersigned counsel and to:

1

Thomas M. Byrne Senior Director Regulatory Affairs Ameren Missouri 1901 Chouteau Avenue PO Box 66149 St. Louis, MO 63166-6149 (314) 554-2514 tbyrne@ameren.com

3. Other than cases that are docketed at the Commission, Ameren Missouri has no pending actions or final unsatisfied judgments or decisions against it from any state or federal court or agency within the past three years which involve customer service or rates. Ameren Missouri has no overdue annual report or assessment fees.

4. Concurrently with the filing of this Application, Ameren Missouri is filing tariff sheets reflecting (a) the terms of the overall Charge Ahead program, which consists of two distinct programs: an Electric Vehicle Charging Infrastructure Incentive Program ("Charge Ahead – Electric Vehicles") and an Efficient Electrification Program ("Charge Ahead – Business Solutions"); and (b) to implement changes to its line distribution extension policies, including changes designed to address underutilized infrastructure (collectively, the "Line Extension Program"). Also filed concurrently with this Application are the direct testimonies of Steven M. Wills, Patrick Justis, Michael Harding, and David Pickles, who address the following topics:

- A. Mr. Wills Overview of Charge Ahead and Line Extension Programs, Details of the Electrification Program, and discussion of benefits;
- B. Mr. Justis Details of the Electric Vehicle Charging Program;
- C. Mr. Harding Details of the Line Extension Program; and
- D. Mr. Pickles Discussion of studies that underlie the Electrification Program and the incentives to be offered and similar programs in other states.

5. As noted above, each of the programs discussed in this Application are designed to beneficially and more efficiently use electricity in a manner that is cost effective for all of the Company's customers. More specifically, each program is designed to enhance the utilization of the electric grid in a manner that reduces overall rate levels for existing customers while simultaneously reducing overall energy consumption across fuels on a total  $BTU^1$  basis, reducing emissions, and/or enabling expansion of customer operations on equitable terms that may improve the efficient utilization of the Company's distribution system. An overview of each program is provided below.

#### <u>Charge Ahead – Business Solutions</u>

6. The Charge Ahead – Business Solutions program will provide incentives to users of equipment such as forklifts and ground support equipment at airports to induce the utilization of electric equipment as a replacement for equipment fueled by propane, gasoline, or diesel. Electric motors are both more efficient and produce significantly lower emissions, and the load this kind of electric equipment produces after accounting for the cost of the program, including incentives, provides revenues in excess of program costs. This makes the program cost-effective for all of the Company's customers. This cost-effectiveness leads to lower overall rates for all customers.

#### <u>Charge Ahead – Electric Vehicles</u>

7. The Charge Ahead – Electric Vehicles program will provide incentives to defray part or all of the cost of installing and operating electric vehicle ("EV") charging stations. This program contains four categories of EV charging stations; at workplaces, at public places "around town"; at multi-family dwelling units; and along interstate/highway corridors. All of these must be within the Company's service territory. The Company's involvement in spurring the transformation of the EV market in Missouri is necessary for the Company and ultimately its customers to realize the benefits of greater EV deployment which, like the equipment covered by

<sup>&</sup>lt;sup>1</sup> British Thermal Unit, which is a measure of the heat content of fuels or energy sources.

the Charge Ahead – Business Solutions program, benefits the Company, its customers, and the environment.

#### **Charge Ahead Program – Requested Variances**

8. Because incentives will be offered for the installation and use of equipment, by the letter of the Commission's Promotional Practices rule, the Charge Ahead program requires a variance pursuant to 4 CSR 240-14.010(2) providing for variances from Chapter 14 of the Commission's rules (i.e., the Promotional Practices rule) for good cause shown.

9. The testimonies filed concurrently with this Application demonstrate that good cause exists to grant such a variance. For a discussion of what good cause means, *see*, *e.g.*, *Order Granting Waiver*, File No. ER-2013-0341 (Jan. 3, 2013) (Granting Kansas City Power & Light Company a waiver from a Renewable Energy Standard rule for good cause, and explaining that "good cause' generally means a substantial reason amounting in law to a legal excuse for failing to perform an act required by law."; and has also been judicially defined as a "substantial reason or cause which would cause or justify the ordinary person to neglect one of his [legal] duties"; and that the reason or legal excuse given "must be real not imaginary, substantial not trifling, and reasonable not whimsical." (citations omitted)).

10. In summary, good cause exists under those standards because the above-referenced testimonies demonstrate that the Charge Ahead program will (a) provide benefits to both Ameren Missouri and its customers, both from the standpoint of lower overall rates, more efficient utilization of the electric grid, and reduced emissions in the areas where those customers work and

live; and (b) not negatively affecting either the Company's customers who are not participants in the program or regulated alternative fuel suppliers competing in the Company's service territory.<sup>2</sup>

### **Distribution Line Extension Policy Changes**

11. The changes proposed to the tariff sheets governing Distribution Line Extensions are of three types, as follows: first, to adopt a "marginal cost" approach to determining non-residential customer contributions to line extensions similar to the approach utilized by KCP&L – Greater Missouri Operations Company (which Kansas City Power & Light Company has also been ordered by the Commission to adopt); second, to make certain other updates to the Distribution Line Extension tariff provisions; and third, to implement a Non-Residential Existing Infrastructure Incentive as a means to induce customers to locate nearby existing infrastructure with capacity to serve them.

#### **Request for Accounting Authority**

12. As discussed in Mr. Wills' direct testimony, Ameren Missouri will provide the capital to fund the Charge Ahead programs (Business Solutions and Electric Vehicle) between rate cases and proposes to be compensated for the capital costs of doing so by retaining additional revenues the program will produce until rates are reset. That mechanism will not however, provide recovery for the program costs themselves. Because riders that adjust rates between rate cases are not available in Missouri absent statutory authority, an alternative, here accounting authority, is necessary to provide cost recovery of those program costs which are necessary to gain the beneficial aspects of the Charge Ahead program for all customers. Consequently, Ameren Missouri requests the Commission authorize it to defer the Charge Ahead program costs

 $<sup>^{2}</sup>$  Even if there were some negative effect on other regulated utilities, good cause may exist for certain promotional practices for reason of efficiency or otherwise, but for the present Application, there is no impact on other regulated utilities in the Company's service territory.

(incentives and other program costs) to a regulatory asset for inclusion in rates in the Company's next rate case through an amortization over a seven-year period.

**WHEREFORE**, the Company respectfully requests the Commission approve the tariff sheets filed with this Application for the Charge Ahead program, approve the Distribution Line Extension changes proposed herein, approve the requested variance from the Commission's Promotional Practices Rule for the Charge Ahead program, and grant it accounting authority to defer the program costs of the Charge Ahead program to a regulatory asset for inclusion in rates in is next electric general rate proceeding through an amortization over a period of seven years.

Respectfully submitted,

Is Wendy K. Tatro

Wendy K. Tatro, #60261 Director and Assistant General Counsel Paula N. Johnson, # 68963 Senior Corporate Counsel Ameren Missouri P.O. Box 66149 St. Louis, MO 63166-6149 (314) 554-3484 (phone) (314) 554-4014 (fax) AmerenMOService@ameren.com

James B. Lowery, #40503 SMITH LEWIS, LLP 111 S. Ninth Street, Suite 200 P.O. Box 918 Columbia, MO 65205-0918 Telephone (573) 443-3141 Facsimile (573) 442-6686 lowery@smithlewis.com

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

## **VERIFICATION**

The undersigned, being first duly sworn and upon his oath, hereby states that the foregoing

Application is true and correct to the best of his knowledge, information, and belief.

This request is substantially consistent with the preferred resource plan specified in the

most recent triennial compliance filing made by Ameren Missouri. 4 CSR 240-22.080(18).

arren T. Wood, Vice-Presiden

Ext. Affairs & Communications Union Electric Company d/b/a Ameren Missouri

Subscribed and sworn before me this <u>22nd</u> day of <u>4ebuary</u>, 2018. GERIA. BEST Notary Public - Notary Seal State of Missouri

GERI A. BEST Notary Public - Notary Seat State of Missouri Commissioned for St. Louis County My Commission Expires: February 15, 2022 Commission Number: 14839811

# **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing was served on the Staff of the Commission and the Office of the Public Counsel via electronic mail (e-mail) on this 22nd day of February, 2018.

<u>|s| Wendy K. Tatro</u>

Wendy K. Tatro