Exhibit No.: Issue(s): Special Rate Design Per Commission Order Witness: William R. Davis Sponsoring Party: Union Electric Company Type of Exhibit: Supplemental Direct Testimony File No.: ER-2014-0258 Date Testimony Prepared: December 18, 2014

### MISSOURI PUBLIC SERVICE COMMISSION

### File No. ER-2014-0258

### SUPPLEMENTAL DIRECT TESTIMONY

#### OF

### WILLIAM R. DAVIS

ON

### **BEHALF OF**

# UNION ELECTRIC COMPANY d/b/a Ameren Missouri

St. Louis, Missouri December 18, 2014

1	SUPPLEMENTAL DIRECT TESTIMONY	
2		OF
3		WILLIAM R. DAVIS
4		FILE NO. ER-2014-0258
5	Q.	Please state your name and business address.
6	А.	My name is William ("Bill") R. Davis. My business address is One Ameren
7	Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.	
8	Q.	Are you the same William R. Davis who filed direct testimony in this docket
9	in July of this year?	
10	А.	Yes.
11	Q.	What is the purpose of your supplemental direct testimony in this
12	proceeding?	
13	А.	My supplemental direct testimony responds to the Missouri Public Service
14	Commission's ("Commission") order in this case inviting parties to explore the topic of whether	
15	rate design mechanisms should be established to promote stability or growth of customer levels	
16	in geographic locations where there is under-utilization of existing Company electric	
17	infrastructure.	
18	Q.	Please summarize your testimony.
19	А.	Ameren Missouri ("Company") has an established rider that addresses these
20	issues and I recommend that the rider continue.	
21	Q.	Does Ameren Missouri have a Commission-approved rider associated with
22	improving th	ne utilization of its facilities?

A. Yes. The Company has had an approved rider, called the Economic Re Development Rider, since 2007.

3

# Q. What is the purpose of the Economic Re-Development Rider ("ERR")?

A. The purpose of the Company's ERR tariff is to encourage re-development of certain sites in the City of St. Louis and, more specifically, to encourage the utilization of existing distribution facilities with capacity in excess of current load in those areas.

Q. How does ERR encourage re-development of certain sites in the Company's
8 service territory?

A. Qualifying customers receive a discount which reduces the cost for electric service and thus provides an economic incentive to either locate new facilities or keep existing facilities in certain geographic areas of the Company's service territory. In addition, under ERR, qualifying customers are eligible for a discount to cover the up-front costs necessary to move certain electric distribution facilities that may interfere with construction at the customer's location.

15

### Q. What customer classes are eligible for the ERR?

A. Customers receiving service, or new customers who will qualify for electric
service, under the Company's Large General Service, Small Primary Service, or Large Primary
Service rate classifications are eligible.

19

20

- Q. Could any customer in an eligible rate class be awarded a discount under ERR?
- A. No, only the customers who meet the criteria specified in the tariff are eligible.
- 22 Q. What is the importance of the criteria for a discount under ERR?

2

# Supplemental Direct Testimony of William R. Davis

A. Several of the ERR terms are designed to minimize the likelihood of free-riders. The intent is only to provide an incentive to lure or keep businesses that would otherwise not become or stay Company customers while improving the utilization of existing distribution infrastructure built when the load in these areas was greater. In addition, the requirement to also have government incentives demonstrates that the Company is not acting unilaterally. When customers are furnished government incentives, it is a signal to the Company that elected officials have deemed the customer worthy of special considerations.

#### 8

- 0
- 9

# Q. Can you please list all of the criteria a customer must meet in order to qualify for a discount under ERR?

- 10 A. Yes. Below is a list of all of the criteria that must be met for a customer to qualify
  11 for a discount under ERR:
- Receiving electric service, or new customers who will qualify for electric
  service, under the Company's Large General Service, Small Primary Service, or
  Large Primary Service rate classifications;
- 15 Must be geographically located within the designated areas of the City of St.
  16 Louis, as defined on maps contained in ERR;
- For existing premises served or previously served by Company, the premises
  must have been either unoccupied or otherwise dormant (e.g. vacant land and/or
  buildings) for a minimum period of one hundred-eighty (180) days;
- Must have local, regional, or state governmental economic development
   activities where incentives have been offered and accepted by the customer who is
   requesting service to locate new or expanding facilities within the eligible
   geographic locations;

3

1		- The annual load factor of the customer's qualifying electric load is reasonably
2		projected to equal or exceed fifty-five percent (55%) during the application of
3		ERR;
4		- The average monthly peak demand of the customer's qualifying electric load is,
5		or is reasonably projected to be, at least 500 kilowatts during the application of
6		ERR;
7		- The Company must determine that the project will utilize existing electric
8		infrastructure in a manner which is beneficial to the local electric service delivery
9		system;
10		- ERR is not available to a successor customer that results merely from load
11		shifted from one location on Company's system to a qualifying site, unless
12		approved by the Company; and
13		- The facilities must be industrial/commercial and not involved in selling or
14		providing goods and/or services directly to the general public.
15	Q.	Are there any limitations on the discount available under ERR?
16	А.	Yes. The default discount is 15% from the otherwise applicable tariff, before tax
17	additions, and	I the maximum duration of the discount is five (5) years. In addition, the discount
18	for relocating	electric distribution facilities cannot exceed fifty percent (50%) of any net annual
19	electric reven	ue estimated to be derived from customer's premises, and not utilized in meeting
20	the Company	's tariff provisions governing extensions to non-residential customers.
21	Q.	Is the ERR discount only awarded at the Company's discretion?

1 A. Yes, and as stated above, the Company's decision as to whether a customer meets 2 the qualifying criteria will always be made based on the facts and applied in a non-3 discriminatory fashion.

4

# Q. Why does the Company decide who receives the ERR discount?

A. Although the eligible geographic areas are outlined in the tariff, the Company still needs to ensure that the customer's load can be adequately served with existing utility infrastructure. In short, the Company is best suited to provide a decision as our economic development, customer service, and operating personnel work closely with potential applicants.

# 9 Q. Does this conclude your supplemental direct testimony?

10 A. Yes, it does.

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

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its Annual Revenues for Electric Service.

) File No. ER-2014-0258

### **AFFIDAVIT OF WILLIAM R. DAVIS**

# **STATE OF MISSOURI**

**CITY OF ST. LOUIS** 

William Davis, being first duly sworn on his oath, states:

) ) ss

)

1. My name is William R. Davis. I am employed by Union Electric Company, d/b/a

Ameren Missouri, as an Economic Analysis and Pricing Manager.

2. Attached hereto and made a part hereof for all purposes is my Supplemental

Direct Testimony on behalf of Union Electric Company, d/b/a Ameren Missouri, consisting of

<sup>5</sup> pages and Schedule(s) N/A , all of which have been

prepared in written form for introduction into evidence in the above-referenced docket.

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

William R Davis William R. Davis

Subscribed and sworn to before me this 18th day of December, 2014.

My commission expires: 1 15 2017

Julie Irby - Notary Public Notary Seal, State of Missouri - St. Louis County くとろう Commission #13753418 My Commission Expires 1/15/2017

Notary Public