BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

MIEC COMMENTS

The Missouri Industrial Energy Consumers ("MIEC") files these Comments on Infrastructure Efficiency in response to the Commission Staff's November 18, 2015 Notice Requesting Responses.

The MIEC supports the concept of lowering electric rates by better utilizing utility infrastructure in locations with surplus infrastructure capacity. However, as was evident at the workshop in this case, the devil is in the details. To increase the utilization of infrastructure in areas where there is a surplus, we should increase the cost differential between locating in those areas and in other areas. One way to increase that cost differential is to lower the rates for customers locating in surplus areas. Another way to increase that cost differential is to increase the rates for customers locating in infrastructure deficit areas. The MIEC supports discounts in rates to encourage location in surplus areas so long as the discounted rate is above the incremental cost to serve the customers obtaining the discount. The MIEC opposes incenting location into areas of surplus infrastructure by increasing charges for locating in areas of inadequate infrastructure capacity. Increasing rates in deficit areas would have the perverse effect of discouraging economic development in the utility's service territory.

Experience with Ameren's discount riders shows that they have not been successful. Ameren's Economic Re-Development Rider (ERR), which is for underutilized infrastructure areas, shows that the ERR has attracted no participants even though it allows a 15% discount for 5 years. Similarly, Ameren's Economic Development and Retention Rider (EDRR) has attracted few participants even though it allows for up to a 15% discount for 5 years. Note that for the EDRR the customer has to show that the rate discount was instrumental in the location (or retention) decision, while this is not required for ERR.

As for the separate line extension rule, it should result in the same or smaller payment by the customer locating in the area with surplus capacity, but the overall package hasn't been able to entice any customer to locate in such areas.

In summary, the tariffs must be modified in a way to better attract the type of customers needed in areas where infrastructure is underused but, at the same time, still benefit ratepayers. The MIEC intends to file further comments after it reviews the comments of the utilities in this regard.

Respectfully submitted,

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