

**Exhibit No.:**  
**Issues:** Economic Development Riders  
**Witness:** Jane Lohraff  
**Sponsoring Party:** Missouri Department of Economic  
Development - Division of Energy  
**Type of Exhibit:** Surrebuttal Testimony  
**Case No:** ER-2014-0258

**MISSOURI PUBLIC SERVICE COMMISSION**

**UNION ELECTRIC COMPANY  
D/B/A  
AMEREN MISSOURI**

**CASE NO. ER-2014-0285**

**SURREBUTTAL TESTIMONY**

**OF**

**JANE LOHRAFF**

**ON**

**BEHALF OF**

**MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT**

**DIVISION OF ENERGY**

**Jefferson City, Missouri**

**February 6, 2015**

**(Rate Design)**

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 Revenues for )  
Electric Service )

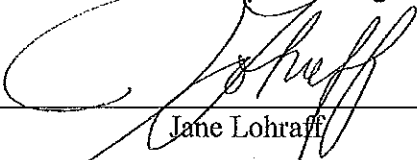
ER-2014-0258

AFFIDAVIT OF JANE LOHRAFF

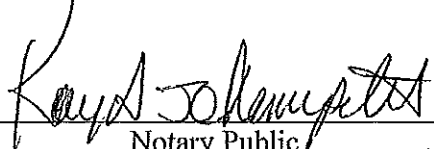
STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

Jane Lohraff, of lawful age, being duly sworn on her oath, deposes and states:

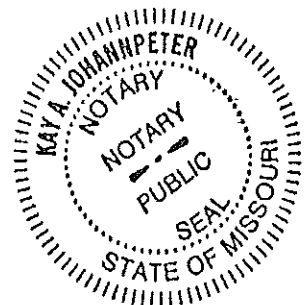
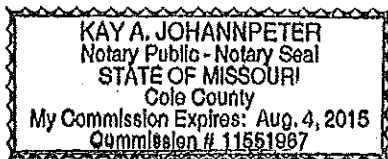
1. My name is Jane Lohraff. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development as an Energy Policy Analyst, Division of Energy.
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of the Missouri Department of Economic Development – Division of Energy.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge.

  
\_\_\_\_\_  
Jane Lohraff

Subscribed and sworn to before me this 6<sup>th</sup> day of February, 2015.

  
\_\_\_\_\_  
Notary Public

My commission expires:



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1 I. INTRODUCTION

2 **Q. Please state your name and business address.**

3 A. Jane Lohraff, Missouri Department of Economic Development, Division of Energy, 301  
4 West High Street, Suite 720, Jefferson City, Missouri 65102.

5 **Q. Have you previously filed testimony in this case?**

6 A. Yes. I filed direct testimony December 19, 2014 and rebuttal testimony January 15,  
7 2015.

8 **Q. Do you have any revisions to note from your direct testimony?**

9 A. Yes, as stated in rebuttal testimony, I would like to correct the statutory reference made  
10 on page 13 line 4 by replacing Section "393.1124.14" with section "393.1075.14."

11 **Q. What information did you review in preparing this testimony?**

12 A. I reviewed the rebuttal testimonies of Union Electric Company witness William R. Davis,  
13 Office of Public Counsel witness Geoff Marke, and Missouri Industrial Energy  
14 Consumers witness Maurice Brubaker.

15 II. PURPOSE AND SUMMARY OF TESTIMONY

16 **Q. What is the purpose of your surrebuttal testimony?**

17 A. The purpose of my surrebuttal testimony is to respond to the parties' rebuttal testimony in  
18 this case regarding my recommendation to modify Ameren Missouri's Economic  
19 Development and Retention Rider (EDRR) and Economic Re-Development Rider (ERR)  
20 to require active participation in Ameren Missouri's Missouri Energy Efficiency  
21 Investment Act (MEEIA) program as an eligibility requirement for taking service under  
22 the EDRR and ERR.

23 **Q. Please summarize your testimony.**

1 A. My recommendation to include MEEIA participation as an eligibility requirement for  
2 existing and future economic development riders stands on its merits. The  
3 recommendation is complementary with Ameren Missouri's Business Energy Efficiency  
4 Program purpose statement, the Commission's charge to align utility financial incentives  
5 with energy efficiency (393.1075.3 RSMo), and Missouri's state policy to encourage  
6 electrical corporations to develop and administer energy efficiency initiatives (393.1040  
7 RSMo).

8 **III. RESPONSE TO AMEREN MISSOURI WITNESS WILLIAM R. DAVIS**

9 **Q. Do you agree with Mr. Davis (p. 36) that exploration is needed regarding a potential**  
10 **issue for customers whose 5 year economic development rider service may straddle**  
11 **two MEEIA program cycles?**

12 A. Yes. Mr. Davis's concern is well taken, and more completely described in pages 80-85  
13 of Ameren Missouri's 2016-2018 Energy Efficiency Plan, filed in EO-2015-0055, which  
14 is currently pending before the Commission. In that case, the parties will have the chance  
15 to fully explore how customers can obtain maximum benefit and predictability from  
16 Ameren Missouri's MEEIA offerings across program cycles. This issue, while  
17 important, is tangential to the merits of linking MEEIA and economic development in  
18 this case. On page 36 of Mr. Davis's rebuttal testimony, he states that Ameren Missouri  
19 is not opposed to the concept proposed in my December 18, 2014 direct testimony  
20 (requiring recipients of economic development benefits to also participate in energy  
21 efficiency programs).

22 **Q. Are you proposing an exemption from a MEEIA statutory requirement, as Mr.**  
23 **Davis understands (p. 36)?**

1 A. No. I propose, rather, an exemption from a requirement in the tariff, as a means of  
2 keeping consistency with the MEEIA statute. More specifically, and as stated in my  
3 direct testimony, I propose that customers' eligibility for Ameren's EDRR/ERR be  
4 conditioned on their enrollment in MEEIA. Section 393.1075.14 RSMo prohibits certain  
5 customers (non-low-income tax credit recipients) from enrolling in MEEIA. Thus such  
6 customers (non-low-income tax credit recipients) must be exempt from the proposed  
7 MEEIA enrollment condition in the tariff. In other words, they (non-low-income tax  
8 credit recipients) alone could enroll in the EDRR/ERR without demonstrating the  
9 otherwise required enrollment in MEEIA. DE's proposed exemption simply  
10 acknowledges the plain requirements of MEEIA, as stated in section 393.1075.14 RSMo.

11 **Q. Do you agree with Mr. Davis (p. 37) that more research is necessary to identify**  
12 **whether economic development riders provide sufficient motivation to encourage**  
13 **residential/small businesses to move to a particular area?**

14 A. I don't disagree, but this issue is also tangential to my proposal. As stated in page 4 of  
15 my December 19, 2014 direct testimony, the purpose of economic development riders is  
16 to encourage new or significantly expanded industrial or commercial business to locate in  
17 the utility service area. While residential and small business customers would hopefully  
18 be drawn into an area as a result of an economic development rider, the clear focus of my  
19 recommendation is on incenting commercial or industrial customers to move in, thus  
20 creating jobs and associated economic activity. On page 37 of his rebuttal testimony, Mr.  
21 Davis states that the idea of applying an economic development discount to entire  
22 geographical regions is intriguing.

1 **IV. RESPONSE TO OPC WITNESS GEOFF MARKE**

2 **Q. Do you agree with Dr. Marke's statement (p. 12) that an energy usage requirement**  
3 **of maintaining certain monthly peak averages and annual load factors would seem**  
4 **to, in part, run counter with the proposed energy efficiency requirement?**

5 A. Yes. I agree with Dr. Marke's statement, which implies that efficiency may help reduce  
6 the tension inherent between a utility economic development incentive and Missouri's  
7 state policy endorsing energy efficiency. Dr. Marke's statement highlights why any rate  
8 design mechanism developed to promote growth of customer levels should be tied to  
9 MEEIA participation. The focus of the effort should be on growth of new, efficient  
10 customers, or load, not simply increased energy usage. My recommendation does just  
11 that. On pages 11 and 12 of his rebuttal testimony, Dr. Marke states general agreement  
12 regarding the potential benefits of linking economic development incentives with energy  
13 efficiency programs.

14 **Q. Do you agree with Dr. Marke's rebuttal (p. 14) of Mr. Brubaker's implication that**  
15 **energy efficiency is only a customer benefit and not a resource that should be valued**  
16 **in equal consideration with any other supply side resource?**

17 A. Yes. Dr. Marke made the statement "Energy efficiency programs exist because energy  
18 efficiency is low-cost and offers ancillary benefits. These savings and benefits are shared  
19 by all rate classes. All ratepayers enjoy benefits associated with energy efficiency in the  
20 form of lower demand for new resources, reduced environmental impacts of energy  
21 supply, reduced power and fuel costs and other factors." This is a succinct and accurate  
22 statement with which I concur.

1 **V. RESPONSE TO MIEC WITNESS MAURICE BRUBAKER**

2 **Q. What parts of Mr. Brubaker's testimony are you responding to?**

3 A. I am responding to statements made on pages 25-28 of Mr. Brubaker's January 16, 2015  
4 rebuttal testimony, which concludes with his recommendation to reject my  
5 recommendation to modify Ameren Missouri's Economic Development and Retention  
6 Rider (EDRR) and Economic Re-Development Rider (ERR) to require active  
7 participation in Ameren Missouri's Missouri Energy Efficiency Investment Act (MEEIA)  
8 program as an eligibility requirement for receiving benefits.

9 **Q. Please respond to Mr. Brubaker's assertion that DE's recommendation would**  
10 **require mandatory participation in a program without any demonstration that the**  
11 **energy efficiency measures offered by the utility are not already in place, or that if**  
12 **they are not in place, the offered programs are applicable and would be cost-**  
13 **effective with respect to the customer seeking to participate in the EDRR or ERR.**

14 A. First, participation in Ameren Missouri's EDRR and ERR are, and would remain, wholly  
15 voluntary. Second, Ameren Missouri's MEEIA programs are diverse and flexible  
16 enough to allow for integration of self-directed initiatives potentially already in place by  
17 EDRR and ERR qualified customers. Third, for potential customers without existing  
18 energy efficiency measures in place, the proposed revision of the tariff specifies that  
19 implementation of all economically viable programs would have a project pay-back  
20 period of five years or less. Thus, the measures would be both applicable and cost-  
21 effective, by definition. Further, linking Ameren's MEEIA programs with their  
22 economic development riders, which target commercial and industrial customers, is also  
23 consistent with the stated purpose of Ameren Missouri's Business Energy Efficiency



1 Program, which is to proactively impact commercial and industrial customer energy use  
2 in such a way as to reduce consumption of electricity.<sup>1</sup> Finally, requiring EDRR and  
3 ERR recipients to participate in Ameren's MEEIA program aligns utility financial  
4 incentives with energy efficiency, as the Commission is charged<sup>2</sup> with doing.

5 **Q. Please respond to Mr. Brubaker assertion that MEEIA's opt-out provision "trumps**  
6 **any potential 'policy' principles that DED ... may attempt to impose."**

7 A. Mr. Brubaker's assertion assumes, without explanation, that MEEIA conflicts with my  
8 proposal. Linking economic development mechanisms to MEEIA participation poses no  
9 such conflict. Under my proposal, customers meeting the opt-out criteria in 4 CSR 240-  
10 20.094(6) would remain free to opt-out of MEEIA. The change proposed by my  
11 recommendation applies only to the economic development riders. Economic  
12 development rider participation would be contingent on MEEIA participation. For  
13 example, an economic development rider customer who decides to opt-out of MEEIA can  
14 do so. That customer would simply return to the "normal" tariffed rate that would  
15 otherwise apply to their class. Likewise, a current MEEIA opt-out customer could take  
16 service under the special economic development rider only upon re-enrolling in MEEIA,  
17 without any obligation to do so. My proposal adds only limited, common sense criteria  
18 to economic development rider participation.

19 **Q. On page 27 of his rebuttal testimony, Mr. Brubaker states that the tariffs I**  
20 **referenced in my direct testimony from other states do not support my**  
21 **recommendation to require participation in Ameren Missouri's MEEIA programs**

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<sup>1</sup> Union Electric Tariff Sheets Mo. P.S.C. Schedule No. 6 Sheet No. 181 – 185 (June 30, 2013)

<sup>2</sup> 393.1075.3(2) RSMo.

1           **by customers receiving economic development incentives. Was this the point of**  
2           **your examples?**

3 A.    No, on page 7 of my December 19, 2014 direct testimony, I did not assert that the states  
4           referenced have MEEIA programs in place. Instead, I was giving examples  
5           demonstrating that states are tying utility economic development riders to energy  
6           efficiency. My recommendation was adapted from the Wisconsin Power and Light's  
7           economic development rider, which states that the customer shall implement all  
8           economically viable energy efficiency options that have a payback period of five years or  
9           less.

10 **VI. CONCLUSION**

11 **Q. Please restate your recommendation?**

12 A.    The Division of Energy's recommendation, which is that the Commission make customer  
13           participation in the Ameren Missouri MEEIA programs an eligibility requirement for  
14           receiving economic development rider benefits, is consistent with MEEIA and the  
15           statute's stated goal to pursue cost effective energy efficiency.

16 **Q. Does this conclude your surrebuttal testimony?**

17 A.    Yes, thank you.