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.	))))	File No. ER-2021-0240
In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its Revenues for Gas Service.	))	File No. GR-2021-0241

POSITION STATEMENT OF UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

COMES NOW Union Electric Company d/b/a Ameren Missouri ("Company" or "Ameren Missouri"), and for its Statements of Position on the Issues to be determined by the Commission through evidentiary hearing, which has been significantly reduced by settlements of many issues in the electric rate case (File No. ER-2021-0240)[1] and all issues in the gas rate case (File No. GR-2021-0241),[2] states as follows:

17. Residential TOU Rates (Electric).

A. *Should the Company be required to change the names for its TOU rate plans?*

No. Renaming rate options so shortly after the initial rollout of the TOU plans is a recipe for customer confusion and frustration. It could also trigger confusion for Company employees who have been trained on the current names.

The focus on saving opportunities in the rate plan names is absolutely appropriate as the plans unquestionably create savings opportunities, which are already being experienced by early

[1] For the electric rate case, all but a few Non-Residential rate design issues listed in the parties' *Joint List of Issues, List and Order of Witnesses, Order of Cross-Examination, and Order of Opening Statements* have been resolved among the parties through two Unanimous Stipulations and Agreements. The first *Unanimous Stipulation and Agreement* was filed in the electric rate case (File No. ER-2021-0240) on November 24, 2021 ("*First Electric Stipulation*"), and resolved a majority of issues for the electric case, including the revenue requirement issues and Residential rate design issues. The *Second Unanimous Stipulation and Agreement* was filed in the electric rate case on December 6, 2021, and resolved certain rate design issues.

[2] For the gas rate case, all of the issues listed in the *Joint List of Issues, List and Order of Witnesses, Order of Cross-Examination, and Order of Opening Statements* were resolved among the parties to that case through two Stipulations and Agreements. The first *Stipulation and Agreement Regarding MSBA Issues* ("*MSBA Stipulation*") was filed in the gas rate case (File No. GR-2021-0241) on December 3, 2021, and resolved only the MSBA issues among the Company, Staff of the Commission, and the Office of Public Counsel. Second, the *Unanimous Stipulation and Agreement* was filed on December 3, 2021, and resolved all issues in the gas rate case, except for the MSBA issues that had already been resolved by the *MSBA Stipulation*.

adopters of the advanced TOU plans, and the plans are designed to encourage customers to take actions in response to price signals to shift load, provide benefits to the system, and subsequently save those customers that took action some money on their bills. As Company witness Ahmad Faruqui, Ph.D. explains in rebuttal testimony, the notion of saving money on their electric bills is key to getting customers to undertake the required behavior modifications to experience savings.

Furthermore, the Company is arming its customers with information to make these choices about these rates with eyes wide open about the effect these rate structures will have on them, based on their own lifestyles and usage characteristics through its customer-facing usage presentment and bill comparison tool. Accordingly, the renaming process could not be instantaneously completed and would increase the cost of delivering the TOU program. Any new name(s) would require revision of the webpage, all customer communications (including video), and the bill comparison tool; digital/IT programing for bills to reflect the different rate names; re-education of customers; and revised training of Company employees who assist customers.

The names are also founded on actual customer research. As Ameren Missouri explained during its July 24, 2020 Commission Agenda presentation, Ameren Missouri conducted customer research, including focus groups and surveys with diverse customer segments and geographies, to aid the Company in its TOU communications with customers. With the results of that customer research in mind, the Company developed its communications materials, and met with stakeholders to discuss the automated metering infrastructure ("AMI") rollout and TOU customer education program along the way as required under the Corrected Non-Unanimous Stipulation and Agreement from the Company's last electric rate case, File No. ER-2019-0335, at paragraph 27.a.iv.4. Notably, that Stipulation specified that the "EV Savers" would be renamed within the tariff so as not to indicate it to be limited to electric vehicle ("EV") owners, but did not suggest that "Smart Savers" should be renamed. Id. at paragraph 27.b.

Many other utilities offering TOU rate options use dull and dreary names for their TOU rates, such as TOUR DR-1 and TOU-D, which has led to lower TOU rate adoption.

Faruqui (Ameren Missouri)
Rebuttal Testimony, pages 3 – 6
Wills (Ameren Missouri)
Rebuttal Testimony, pages 42 – 43, 46 – 50
Surrebuttal Testimony, pages 15 – 16

Revised Issue #22. Class Cost of Service, Revenue Allocation, and Non-Residential Rate Design (Electric)[3]

[3]The parties' *Joint List of Issues, List and Order of Witnesses, Order of Cross-Examination, and Order of Opening Statements* listed this issue as "Class Cost of Service, Revenue Allocation and Rate Design (Electric and Gas)" and set out sub-issues A through K. Since all the gas rate case issues have been resolved via settlements, the issue is revised to only relate to the Electric Rate Case. In addition, sub-issues D, E, J, and K are resolved by settlement, so only the Company's positions on sub-issues A, B C, F, G, H and I are set out herein.

A. How should production costs be allocated among customer classes within a Class Cost of Service Study?

The 4 non-coincident peak ("NCP") version of the Average and Excess ("A&E") demand method should be used for allocating production plant as shown in Ameren Missouri's Class Cost of Service Study ("CCOSS"), because the method gives weight to both class peak demands and class energy consumption (average demands) and is consistent Section 393.1620.1(1), RSMo. The 4 NCP version of the A&E methodology better addresses the fact that 14 of the 16 maximum 4 NCP monthly demands for the Company's major (i.e., non-lighting) customer classes occurred during the Company's summer peak demand months of June – September. The use of the 4 NCP demand option, rather than a lesser number of monthly NCP demands, also prevents the demand allocator for any customer class from being unduly influenced by any extreme demand in a given month.

MIEC witness Chriss's A&E 4NCP allocator differs slightly from the definition of NCP per the NARUC[4] *Electric Utility Cost Allocation Manual*, at p. 167 (1992). The Company uses the more traditionally accepted definition of NCP contained in the NARUC Manual, which is more reasonable.

Hickman (Ameren Missouri)
Direct Testimony, pages 13 – 21
Rebuttal Testimony, pages 22 – 23

B. How should the non-fuel, non-labor components of production, operation and maintenance expense be classified and allocated among customer classes within a Class Cost of Service Study?

Non-fuel, non-labor components of production operating and maintenance ("O&M") expense should be classified as variable, and allocated based on the megawatt-hours required at the generators to provide service to each respective class, a/k/a "production energy allocation." MIEC witness Maurice Brubaker seeks to allocate such expense on the basis of demand. The Company disagrees with Mr. Brubaker's approach for the following reasons: 1) Mr. Brubaker's focus on how maintenance is scheduled misses the bigger point of how much non-labor material is used during each maintenance period, and what causes the need for maintenance in the first place; 2) the extent of maintenance performed is variable in nature and can vary significantly with the amount of time and extent to which a plant has run; 3) the need for this regularly scheduled maintenance is related to utilization of the unit – the wear and tear that occurs as energy is generated – making the energy-related allocator consistent with cost causation; and 4) there are components of non-labor O&M expense which are actually budgeted based on anticipated plant generation – such as conveyers, coal mills, chemicals, and the limestone in scrubbers – so that the budgeting of these costs on the basis of kilowatt-hours generated makes it hard to justify these costs being allocated inconsistently.

Hickman (Ameren Missouri)
Direct Testimony, pages 20 – 21
Rebuttal Testimony, pages 22 – 24

[4] National Association of Regulatory Utility Commissions.

C. How should any rate increase be allocated to the several customer classes?

The Company recommends a two-step process similar to that used to set rates in its last electric rate case, File No. ER-2019-0335, to allocate the rate increase. First, increase/decrease the current base retail revenue on a revenue-neutral basis to various classes of customers, including within the Lighting class. Next, determine the amount of revenue increase/decrease and allocate to customer classes as an equal percent of current base revenues.

Harding (Ameren Missouri)
Direct Testimony, pages 5 – 7
Rebuttal Testimony, pages 2 – 3

F. Should the Commission approve MECG's proposed shift to increase the demand component for Large General Service and Small Primary Service and decrease energy charges?

The Company does not oppose the direction of MECG's proposed shift to increase the demand component for 3(M) Large General Service ("LGS") and 4(M) Small Primary Service ("SPS") customers, but suggests that the magnitude of the proposed increase in demand charges and the corresponding decrease in energy charges could result in material bill impacts for some customers. The Company also notes that increasing the demand charge as proposed by MECG may also have negative potential impacts on efficient electrification.

Harding (Ameren Missouri)
Rebuttal Testimony, page 4
Wills (Ameren Missouri)
Rebuttal Testimony, pages 53 – 55

G. Should the Commission approve MECG's recommendation to require the Company to present analyses of alternatives to the hours-use rate design by 2025?

No, such a directive is unnecessary. The Company is open to contemplating future rate design changes for Non-Residential Classes, but any such changes should take place when they can be applied to all customers, which requires that parties wait until the AMI meter rollout is complete. After the AMI meter rollout is complete, it will also be important to carefully analyze the potential bill impacts of potential changes.

Wills (Ameren Missouri)
Rebuttal Testimony, pages 53, 55 & 56

H. How should distribution costs be allocated or assigned among customer classes within a Class Cost of Service Study?

Distribution Plant (Accounts 360 – 369) should be allocated to each customer class based upon the breakdown of each account between customer-related and demand-related components as reflected in Ameren Missouri's CCOSS. The demand-related component is further broken down by high voltage, primary voltage, and secondary voltage demand-related functions.[5] The portion classified as customer-related costs is derived using the Minimum-Size Method, and the remaining, demand-related portion of the Company's Distribution Plant accounts are split among the high voltage, primary voltage, and secondary voltage levels on the basis of a review of the functional utilization of various equipment and hardware in such accounts. For all Distribution Plant accounts, with the exception of Account 369, Services, the demand-related investment in each account is allocated to each customer class on the basis of the non-coincident peak demand of each class at the appropriate high voltage, primary, and secondary voltage levels.

The demand-related investment in Account 369, Services, should be allocated to each customer class on the basis of the sum of the maximum demand of all customers in the class at the secondary voltage level.

Account 370, Meters, is customer-related and should be allocated to each of the customer classes by allocation factors that weigh the results of multiplying the current cost of the typical metering arrangement for each customer class by the number of meters used in serving that class. Due to the ongoing AMI meter rollout, a composite allocator was developed based on the counts of customers who have AMI meters utilizing AMI current costs separately from counts of customers who have legacy, automated meter reading ("AMR") meters utilizing AMR current costs.

Account 371-1, Installation on Customer's Premises Substation Equipment, should be allocated to the Primary classes on the basis of such customers' historical use of these facilities.

Account 373, Street Lighting & Signal Systems, should be directly assigned to the Company-Owned Lighting or 5(M) class.

Hickman (Ameren Missouri)
- Direct Testimony, pages 15 – 16
- Rebuttal Testimony, pages 2 – 21

Brubaker (MIEC)
- Direct Testimony, pages 16 – 24
- Rebuttal Testimony, pages 11 – 13
- Surrebuttal Testimony, pages 3 – 6

Chriss (MECG)
- Direct Testimony, pages 21 – 28
- Surrebuttal Testimony, pages 2 – 3

I. What is the appropriate level of Rider B credits to be applied to the bills of customers providing their own substation equipment?

The level of credits applied to Rider B customers' bills should be increased in proportion to the percentage of increase in revenue requirement allocated to the 4(M) Small Primary Service and/or

[5] High voltage is 34.5 kilovolts up to 69 kilovolts; primary distribution voltage is above 600 volts up to 34.5 kilovolts; and secondary distribution voltage is 600 volts or less.

11(M) Large Primary Service classes, which therefore flows from the Commission's decision on sub-issue C above. Customers that receive service under Rider B own, operate, and maintain significant components of infrastructure – specifically substations that transform power from high voltages to standard primary voltages – that the Company otherwise would have to invest in, construct, operate, and maintain, which benefits other customers generally by reducing the costs that would otherwise be recovered from other customers. To discontinue Rider B credits as proposed by Staff would be punitive and unfair to customers that made such significant investment decisions based on an understanding that they would receive these bill credits as a result of their investments and efforts.

Wills (Ameren Missouri)
Rebuttal Testimony, pages 22 – 27
Brubaker (MIEC)
Rebuttal Testimony, pages 15 - 16

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

CERTIFICATE OF SERVICE

The undersigned certifies that true and correct copies of the foregoing was served on the Staff of the Missouri Public Service Commission and the Office of the Public Counsel via electronic mail (e-mail) on this 7th day of December, 2021.

/s/ Jermaine Grubbs
Jermaine Grubbs