

*Exhibit No.:*

*Issue(s):* *Power Plant Maintenance, Software and Cybersecurity Revenue & Expense, Call Center Costs, Plant-in-Service Accounting (PISA), Insurance Expense, Advertising Expense, Dues and Donations, Customer Convenience Fees, Callaway Refueling, Callaway Unplanned Outage*

*Witness:* *Antonija Nieto*

*Sponsoring Party:* *MoPSC Staff*

*Type of Exhibit:* *Direct Testimony*

*Case No.:* *ER-2022-0337*

*Date Testimony Prepared:* *January 10, 2023*

**MISSOURI PUBLIC SERVICE COMMISSION**

**FINANCIAL AND BUSINESS ANALYSIS DIVISION**

**AUDITING DEPARTMENT**

**DIRECT TESTIMONY  
Revenue Requirement**

**OF**

**ANTONIJA NIETO**

**UNION ELECTRIC COMPANY,  
d/b/a Ameren Missouri**

**Case No. ER-2022-0337**

*Jefferson City, Missouri  
January 10, 2023*

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ANTONIJA NIETO  
UNION ELECTRIC COMPANY,  
d/b/a AMEREN MISSOURI  
CASE NO. ER-2022-0337**

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1           A.     Yes. I used the regulatory concepts that include the test year and true up periods  
2 and annualizations and normalizations in my testimony. These concepts are defined in the  
3 direct testimony of Keith Majors.

4           **EXECUTIVE SUMMARY**

5           Q.     What is the purpose of your direct testimony?

6           A.     The purpose of my direct testimony is to provide an explanation for various  
7 adjustments made to the test year and certain amounts included in Staff's recommended rate  
8 base.

9           Q.     Through this testimony, do you provide any recommendations for recommended  
10 rate base and expense levels to be reflected in the revenue requirement ordered in this case?

11          A.     Yes. I provide a recommendation for Plant-In-Service Accounting ("PISA")  
12 deferral as an addition to rate base. I also provide recommendations on several expense items.  
13 Please see the below testimony for a more detailed explanation of adjustments made.

14          Q.     Through this testimony, do you describe the development of work product that  
15 you provided to another Staff witness for the development of an issue?

16          A.     No.

17           **INSURANCE EXPENSE**

18          Q.     Please explain insurance expense as it relates to regulated utilities.

19          A.     Insurance expense is the cost of protection obtained from third parties by utilities  
20 against the risk of financial loss associated with unanticipated events. Utilities, like  
21 non-regulated entities, routinely incur insurance expense in order to minimize their liability  
22 associated with unanticipated losses for property assets and personal injury from accidents.

1 In addition, certain forms of insurance reduce ratepayers' exposure to risk. Premiums for  
2 insurance are normally paid in advance by utilities, such as the utility payment to the insurance  
3 vendor, in advance of the policy going into effect. These insurance payments are normally  
4 treated as prepayments, with the amount of the premium being booked as an asset and amortized  
5 to expense ratably over the life of the period the insurance is in force. The unamortized balance  
6 of the prepaid insurance account (either the period-ending balance or a 13-month average  
7 balance) is included in rate base, with an annualized level of insurance expense included  
8 in rates. The rate base treatment for prepayments is discussed by Staff witness Keith Majors.

9 Q. What types of insurance does Ameren Missouri carry?

10 A. Insurance coverage for Ameren Missouri includes crime, nuclear property,  
11 non-nuclear property, nuclear liability, boiler and machinery, directors and officers, workers'  
12 compensation, fiduciary, cyber liability, and marine.

13 Q. Did Staff made any adjustments to Ameren Missouri insurance?

14 A. Yes. Since the Meramec generating facility retired in December 2022, Staff  
15 removed insurance cost related to this facility from Ameren Missouri's cost of service.

16 Q. What is Staff's recommended treatment for insurance expense?

17 A. Staff's recommended treatment of insurance expense is to include an annualized  
18 level of insurance expense based on Ameren Missouri's current insurance premiums excluding  
19 any insurance related to Meramec. Staff's annualization reflects the most current amount of  
20 premiums as of June 30, 2022 in order to determine an ongoing level of insurance expense.  
21 Staff will review this issue through December 31, 2022, the true-up cutoff in this rate case.

22 Q. Please briefly describe Nuclear Electric Insurance Limited ("NEIL").

1           A.     NEIL is an insurance company that is owned and controlled by its members and  
2 provides insurance coverage related to replacement power for long-term interruptions of  
3 electric supply, damage to insured sites, decontamination expenses incurred at sites arising from  
4 nuclear contamination and premature decommissioning costs. In 2001, NEIL expanded its  
5 insurance product lines and began to provide conventional, non-nuclear coverage to its  
6 members. The U.S. government imposes a federal tax, referred to as the NEIL Excise Tax, on  
7 these insurance policies since the insurance policies are issued by foreign insurers. NEIL  
8 coverage is issued in the country of Bermuda. The Excise Tax is assessed on the insurance  
9 coverage on a quarterly basis.

10          Q.     What is Staff's approach regarding NEIL expense?

11          A.     Historically, NEIL has had distributions and credits, specifically a  
12 supplementary and secondary distribution, performance & participation credits ("PPC") as well  
13 as renewal credits that it may issue to its members. The PPC is based on a member's claim  
14 history and whether that member is purchasing available coverage from NEIL. NEIL typically  
15 nets any PPC against the premium invoice and distributions are paid directly to Ameren  
16 Missouri. The PPC was replaced with a renewal credit in 2018, which is a credit given to  
17 members for continually purchasing coverage from NEIL. The renewal credits and  
18 supplementary distributions were eliminated in 2019 and replaced with primary and secondary  
19 distributions. Distributions are based on NEIL's overall underwriting results and investments  
20 and credits are netted against the premium charged to Ameren Missouri. The credits are  
21 encompassed in Staff's annualization of insurance expense. Staff will continue to review these  
22 distributions through the true-up date of December 31, 2022.

1 **CALL CENTER COSTS**

2 Q. Briefly describe the call center expense.

3 A. Ameren Missouri has outsourced part of its incoming customer calls to First  
4 Contact/IQOR (“First Contact”). The current contractual agreement between Ameren Missouri  
5 and First Contact is for three years, effective as of January 1, 2022 through December 31, 2024.

6 Q. How did Staff approach call center costs?

7 A. Staff based its adjustment on actual monthly invoices Ameren Missouri received  
8 from First Contact. Total amount of monthly invoices for 12 months ending June 30, 2022 was  
9 compared to the test year amount of the call center costs and appropriate adjustment was made  
10 to ensure proper amount of this cost is included in Ameren Missouri’s cost of service.

11 The Company did not propose an adjustment for call center costs leaving this expense  
12 at the test year level. Staff intends to revisit this issue in the true-up phase of this case.

13 **NON-LABOR POWER PLANT MAINTENANCE**

14 Q. What was Staff’s approach when reviewing non-labor power plant maintenance  
15 costs?

16 A. Staff reviewed Ameren Missouri’s historical non-labor power plant maintenance  
17 costs, including the costs of outages, for the period of January 2015 through June 2022. Since  
18 these costs fluctuate year-to-year, Staff is recommending an ongoing level of maintenance  
19 expense for Sioux and Labadie Centers based on a 6-year average ending June 30, 2022. Staff  
20 is recommending inclusion of a 3-year average costs for Rush Island Energy Center as the actual  
21 costs incurred have lowered noticeably in the last three years. Additionally, Staff excluded  
22 Meramec’s non-labor power plant maintenance from the cost of service since this facility was  
23 retired in December 2022.

1 **SOFTWARE RENTAL REVENUE AND EXPENSE**

2 Q. Please briefly describe Staff's approach to Ameren Missouri's software rental  
3 revenue and expense.

4 A. Ameren Missouri leases several software programs to and from its affiliates.  
5 Staff annualized affiliate software rental revenues and expenses by applying the last known  
6 amount of rental expense/revenue in June 2022 for a 12 month period to arrive at the appropriate  
7 level of revenue and cost associated with software rental. Staff will continue reviewing this  
8 issue through the true up cutoff date of December 31, 2022.

9 **SOFTWARE MAINTENANCE EXPENSE**

10 Q. What is Staff's approach regarding software maintenance expense?

11 A. Staff compared the test year software maintenance expense to the 12-month  
12 ending June 30, 2022 software maintenance expense and made an adjustment to ensure the  
13 proper amount of this cost is included in Ameren Missouri's cost of service. Staff will continue  
14 reviewing this issue through the true up cutoff date of December 31, 2022.

15 **CYBERSECURITY COSTS**

16 Q. Briefly describe Ameren Missouri's costs associated with cybersecurity.

17 A. In order to enhance its cybersecurity capabilities as a response to the growing  
18 cybersecurity threats, Ameren Missouri has invested in its cybersecurity capabilities and  
19 processes. It further developed a third party cybersecurity risk team to respond to North  
20 American Electric Reliability Corporation ("NERC") CIP-013 supply chain standards.

21 Q. What is Staff's recommended treatment of cybersecurity costs?

1           A.     Staff analyzed the non-labor cybersecurity costs through June 30, 2022, and  
2 compared them to the same expense recorded in the test year. Staff recommends an adjustment  
3 based on the cybersecurity costs incurred through June 30, 2022.

4     **CUSTOMER CONVENIENCE FEES**

5           Q.     Please provide a brief background on customer convenience fees.

6           A.     Until the last Ameren Missouri rate case became effective, customers who paid  
7 their electric bill by credit card or at walk-in locations were charged a convenience fee per  
8 transaction. To be consistent with many other major regulated utilities in Missouri,  
9 Ameren Missouri proposed eliminating individual customer-facing convenience charges and  
10 including them for recovery in the cost of service. In accordance with the Unanimous  
11 Stipulation and Agreement filed in Case No. ER-2021-0240, customer-facing convenience  
12 charges associated with bill payments were eliminated for all payment channels. This change  
13 took effect on February 28, 2022, the effective date of rates in Case No. ER-2021-0240. After  
14 the change took effect, the cost of customer convenience fees is absorbed by Ameren Missouri  
15 and is later built into rates; customers who use these payment options are not charged any direct  
16 transaction fees.

17          Q.     How did Staff account for customer convenience fees?

18          A.     Staff's adjustment was based on a 13-month average number of payment  
19 transactions as of June 30, 2022. Current contracted fees for processing payments through  
20 Ameren Missouri's third-party vendor were applied to the average number of payments to  
21 arrive at the proper ongoing cost to be included in the cost of service. Staff's customer  
22 convenience fees adjustment is in agreement with Company's proposed adjustment.

1 **ADVERTISING**

2 Q. What is Staff's approach to advertising expense?

3 A. In forming its recommendation on the allowable level of advertising expense,  
4 Staff relied on the principles the Commission set forth in the 1985 Kansas City Power & Light  
5 Company ("KCPL") rate case, Case No. EO-85-185: *In Re: Kansas City Power and Light*  
6 *Company*, 28 MO P.S.C. (N.S.) 228 (1986), in which the Commission adopted an approach that  
7 classifies advertisements into five categories and provides separate rate treatment for each  
8 category ("KCP&L Standard").

9 Q. Please briefly describe the five advertisement categories.

10 A. The five categories of advertisements recognized by the Commission are:

- 11 1. General: advertising that is useful in the provision of adequate  
12 service;
- 13 2. Safety: advertising which conveys the ways to safely use electricity  
14 and to avoid accidents;
- 15 3. Promotional: advertising used to encourage or promote the use of  
16 electricity;
- 17 4. Institutional: advertising used to improve the company's public  
18 image; and
- 19 5. Political: advertising associated with political issues.

20 The Commission adopted these categories of advertisements because a utility's revenue  
21 requirement should: 1) always include the reasonable and necessary cost of general and safety  
22 advertisements; 2) never include the cost of institutional or political advertisements; and  
23 3) include the cost of promotional advertisements only to the extent that the utility can provide  
24 cost-justification for the advertisement (Report and Order in KCPL Case No. EO-85-185,  
25 28 Mo.P.S.C. (N.S.) 228, 269-271 (April 23, 1986)).

26 Q. Did the Commission issue any orders concerning advertising in prior Ameren  
27 Missouri rate cases?

1           A.     Yes. In a prior Ameren Missouri rate Case No. ER-2008-0318, the Commission  
2 issued a Report and Order that indicated that the KCP&L Standard for advertising continues to  
3 be useful, but also introduced an additional test which essentially required that advertising costs  
4 should also be reviewed and analyzed on a campaign basis. Specifically, the Commission’s  
5 Order in ER-2008-0318 indicated the following:

6                     If on a balance a campaign is acceptable then the cost of individual  
7                     advertisements within that campaign should be recoverable in rates. If  
8                     the campaign as a whole is unacceptable under the Commission’s  
9                     standards, then the cost of all advertisements within that larger campaign  
10                    should be disallowed.<sup>1</sup>

11           Q.     What is Staff’s recommendation regarding advertising costs in this rate case?

12           A.     In accordance with the standards set out in KCPL Case No. EO-85-185, et al.,  
13 28 Mo.P.S.C. (N.S.) 338, 269-271 (April 23, 1986), as well as the Report and Order issued in  
14 Case No. ER-2008-0318, Staff recommends adjustments to exclude the costs of institutional  
15 advertising and promotional items from recovery in rates in the current case. General and safety  
16 advertising costs that were directed towards benefiting customers were not adjusted by Staff.

17           Staff recognizes the guidance established in Ameren Missouri Case No. ER-2008-0318;  
18 however, Staff’s position is that reviewing advertising strictly on a “campaign” basis would not  
19 be appropriate given the broad nature of Ameren Missouri’s Energy at Work (“EAW”)  
20 campaign. Staff performed an analysis of the EAW campaign in the previous two Ameren  
21 Missouri’s rate cases. Staff found that in rate Case No. ER-2019-0335 over 50% of the EAW  
22 advertisements were not recoverable under the KCP&L Standard. In Case No. ER-2021-0240,  
23 less than 50% of the EAW campaign advertisements were not recoverable. To allow the EAW

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<sup>1</sup> Commission Report and Order, Case No. ER-2008-0318, page 118.

1 campaign to be recovered as a whole means that ratepayers would bear the costs of institutional  
2 or promotional advertisements that are not recoverable under above mentioned KCP&L  
3 Standard. Therefore, Staff's position is that adjustments should be made on an ad-by-ad basis  
4 as this allows Ameren Missouri to recover the full cost of advertising attributable to general  
5 and safety advertisements and ratepayers are not burdened with costs for advertisings that are  
6 institutional or political in nature.

7 **DUES AND DONATIONS**

8 Q. What are Dues and Donations expenses?

9 A. Dues and donations are expenditures made by a utility to different organizations,  
10 charitable funds, clubs, economic development programs, and other groups. Dues are usually  
11 defined as amounts a utility pays to organizations to allow the utility or its employees to  
12 participate in and benefit from the organization's activities. Donations, on the other hand, are  
13 discretionary amounts paid to individuals or organizations for charitable purposes, with no  
14 direct benefit to the utility's business nor its ratepayers.

15 Q. Please describe Staff's approach to Ameren Missouri's dues and donations  
16 expenditures.

17 A. Staff reviewed the list of membership dues paid and donations made to various  
18 organizations that Ameren Missouri charged to its utility accounts during the test year. In the  
19 current case, Staff applied the same four criteria used in KCPL's 1985 general rate case, Case  
20 Nos. EO-85-185 and ER-2016-0285, to establish when dues and donations expenses should not  
21 be included in customer rates. The criteria for not including mentioned expenses are:

- 1 (1) The expenses are involuntary ratepayer contributions of a charitable  
2 nature;
- 3 (2) The expenses are supportive of activities that are duplicative of  
4 those performed by other organizations to which the Company  
5 belongs or pays dues;
- 6 (3) The expenses are associated with active lobbying activities which  
7 have not been demonstrated to provide any direct benefit to the  
8 ratepayers; or,
- 9 (4) The expenses represent costs of other activities that provide no  
10 benefit or increased service quality to the ratepayer.

11 In regard to the first criteria listed above, if donations made to charitable organizations are  
12 recorded by Ameren Missouri as a “below-the-line” expense amount, Staff did not make an  
13 adjustment. Items “above-the-line” include expenses incurred in utility’s operation that are in  
14 the revenue requirement and are recovered through the utility’s rates. Items included  
15 “below-the-line” typically represent non-operating income and expenses that are not recovered  
16 in rates and consequently are not included in the determination of utility’s revenue requirement.

17 Staff reviewed membership dues paid and donations made by Ameren Missouri, or  
18 allocated to Ameren Missouri from Ameren Corporate and Ameren Services, to various  
19 organizations during the test year period ending March 31, 2022. Staff recommends several  
20 adjustments to disallow dues and donations to organizations that were incurred during the test  
21 year including Earthways Center Green Schools Sponsorship and Iowa Taxpayers Association  
22 dues. While Staff recognizes the importance of charitable contributions to the communities  
23 served by utilities, donations that do not provide any direct benefit to ratepayers and are not  
24 necessary for the provision of safe and adequate service should be excluded from Ameren  
25 Missouri’s revenue requirement. In addition, recovery in rates of donations made by regulated  
26 utilities would constitute an involuntary contribution on behalf of the rate-paying customer, and  
27 thus, those donations were excluded from the Ameren Missouri’s revenue requirement.

1 **Edison Electric Institute (“EEI”) Dues**

2 Q. What is EEI and what services do they provide to the utilities?

3 A. According to information obtained from the Edison Electric Institute (“EEI”)  
4 website (www.eei.org), EEI is an association of investor-owned electric utilities and industrial  
5 affiliates. Based upon its review of EEI information, Staff determined that the primary function  
6 of EEI is to represent the interests of the electric utility industry in the legislative and regulatory  
7 arenas. This role includes EEI’s engagement in lobbying activities.

8 Q. What is Staff’s recommendation regarding EEI dues?

9 A. Staff recommends removal of the amount of EEI dues included “above-the-line”  
10 in the test year expense from Ameren Missouri’s cost of service.

11 Q. Why does Staff recommend removal of EEI dues from cost of service?

12 A. Historically, the Commission has disallowed EEI dues from rate recovery on the  
13 basis of EEI’s involvement in lobbying activities on behalf of the electric industry.

14 In the Commission’s *Report and Order* in KCPL<sup>2</sup> Case No. ER-81-42, the Commission  
15 stated the following:

16 The rule has always been that dues to organizations may be allowed as  
17 operating expenses where a direct benefit can be shown to accrue to the  
18 ratepayers of the company. Conversely, where that sort of benefit does  
19 not appear, disallowance of the dues is required. It follows that the mere  
20 fact that an activity might fall within the very broad general definition of  
21 lobbying as used by Public Counsel should not necessarily mean that it  
22 is an improper expense for ratemaking purposes. This question is one of  
23 benefit or lack of benefit to the ratepayers.<sup>3</sup>

24 Q. How much does EEI spend on lobbying activities?

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<sup>2</sup> Evergy Missouri Metro, formerly known as Kansas City Power & Light Company (KCPL).

<sup>3</sup> Commission Reports, 25 Mo. P.S.C. (N.S.), page 244.

1           A.     According to publicly available EEI quarterly Lobbying Reports, in 2021 EEI  
2 had spent over \$9.9 million on lobbying activities.

3           Q.     Are there some recent activities in which EEI participated that possibly do not  
4 benefit ratepayers?

5           A.     Yes, there are several. I have attached the June 2021 EEI “Membership Matters”  
6 pamphlet that describes the prior year’s activities as Schedule AN-d2. Admittedly, there are  
7 several items that may benefit ratepayers, overwhelmingly this report is focused on lobbying  
8 and related activities centered on changing public policy, locally and globally. On page 3 of  
9 this report, an advertising campaign during “Earth Week” ran on cable and Politico that could  
10 only be described as “institutional” advertising, which the MPSC has consistently removed  
11 from the cost of service. On page 6, EEI boasts of its success in keeping disconnection  
12 moratorium language out of the draft “American Rescue Plan” federal legislation. On page 10,  
13 the EEI notes its efforts of persuasion are not limited to legislative bodies when it lobbied the  
14 Financial Accounting Standards Board (“FASB”) to change lease accounting. The FASB is the  
15 national agency that governs financial accounting standards for all publicly traded companies.  
16 Additionally, EEI successfully lobbied FERC and U.S. lawmakers regarding FERC’s proposal  
17 to eliminate financial incentives for utilities that join regional transmission organizations  
18 (“RTO”). According to the Zack Hale written S&P Global articles published on June 15, 2021  
19 and June 30, 2021, (attached to my testimony as Schedule AN-d4 and AN-d5), in March 2020  
20 FERC issued a notice of proposed rulemaking (RM20-10) to increase RTO adder from 50 to  
21 100 bases points, drawing a partial dissent from then FERC Commissioner Richard Glick “who  
22 argued the administrative record failed to show that the existing incentive was dissuading  
23 utilities from leaving RTOs after joining.” The article states: “As chairman, Glick issued a

1 supplemental proposal in April to eliminate RTO adder after three years, a move estimated to  
2 save consumers approximately \$350 million annually.” EEI argued that: “Due to the risks  
3 associated with RTO/ISO membership, the ROE adder is more appropriate now than ever.”  
4 Mentioned membership risks include: “... giving RTOs and ISOs operational control of  
5 transmission facilities, the complexity of electricity markets, state’s preferences for certain  
6 clean energy technologies, member default costs, and the elaborate and often contentious  
7 RTO/ISO stakeholder process.”

8         In the June 2022 EEI “Membership Matters” pamphlet, attached to my testimony as  
9 Schedule AN-d3, a statement on page 2 reads: “We also are working to secure favorable  
10 outcomes before the Departments of Energy (“DOE”) and Transportation (“DOT”), Federal  
11 Energy Regulatory Commission (“FERC”), Environmental Protection Agency (“EPA”),  
12 Securities and Exchange Commission (“SEC”), and other regulatory forums and proceedings.”  
13 Page 11 of this pamphlet describes many activities EEI was involved in with FERC, including  
14 statement: “EEI filed 18 sets of comments, including comments supporting a transmission  
15 owner’s ability to fund and to earn a return on network upgrades; supporting the use of advanced  
16 technologies when appropriate, but opposing requirements; opposing the need to change  
17 FERC’s accounting rules for classification of association dues; and opposing the imposition of  
18 a voluntariness requirement for energy companies to receive an incentive for joining a regional  
19 transmission organization.” EEI’s FERC activities listed on page 11 also include a statement  
20 reading: “EEI continues its significant direct engagement across the state regulatory and  
21 legislative landscapes. Already this year, EEI’s State Practice has worked on behalf of  
22 42 member companies across 31 states and the District of Columbia in 109 instances.”

1           Additionally, EEI itself made contributions of \$585,000 to dozens of charitable  
2 organizations on behalf of its member utilities ranging from the Alzheimer’s Association to the  
3 Massachusetts Institute of Technology (“MIT”) and The U.S. Conference of Mayors. I have  
4 attached this lobbying report as Schedule AN-d6.

5           Q.     Were there other Commission rulings regarding EEI?

6           A.     Yes. In Case No. ER-82-66, the Commission stated the following:

7                     ...until the Company (KCPL) can better quantify the benefit and the  
8 activities that were the causal factor of the benefit, the Commission must  
9 disallow EEI dues as an expense<sup>4</sup>.

10          Q.     The Company contributes to another electric industry group, the Electric Power  
11 Research Institute (“EPRI”). Does Staff recommend removal of those dues from cost  
12 of service?

13          A.     No. According to EPRI website<sup>5</sup>:

14                     The Electric Power Research Institute, Inc. conducts research and  
15 development relating to the generation, delivery and use of electricity for  
16 the benefit of the public. An independent, nonprofit organization, we  
17 bring together scientists and engineers as well as experts from academia  
18 and the industry to help address challenges in electricity.

19          Staff based its recommendation not to remove EPRI dues on the Commission’s’ *Report and*  
20 *Order* in Case No. ER-82-180:

21                     Many of the alleged benefits which the Company receives from EEI  
22 could be obtained from other sources. Some of the efforts of EEI and  
23 the Electric Power Research Institute (EPRI) overlap and some of the  
24 assistance rendered by EEI could be obtained from EPRI. The  
25 Commission Staff has not proposed to disallow the expense associated  
26 with EPRI in the instant case.<sup>6</sup>

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<sup>4</sup> See *In the Matter of Kansas City Power & Light Co.*, 28 MO P.S.C. (N.S.) 228, 259 (1986).

<sup>5</sup> <http://www.epri.com/Pages/Default.aspx>.

<sup>6</sup> Commission Reports, 25 Mo. P.S.C. (N.S.), page 397.

1 Staff did not remove EPRI dues as this organization's focus is not on lobbying and participating  
2 in litigation.

3 Q. Please summarize your testimony on EEI dues.

4 A. Staff recommends disallowance of the entire amount of EEI dues recorded  
5 above-the-line in Ameren Missouri's test year. Ameren Missouri did not prove that the services  
6 provided by EEI are not duplicative of the services provided by other agencies or groups.

7 **PLANT IN SERVICE ACCOUNTING (PISA)**

8 Q. Please provide some background for plant in service accounting.

9 A. On June 1, 2018, Senate Bill 564<sup>7</sup> was signed into law, which allowed  
10 investor-owned electric utilities in the State of Missouri the option of deferring 85% of all  
11 depreciation expense and return associated with qualifying electric plant that was recorded to  
12 plant-in-service as a regulatory asset on or after the date the utility elects the PISA option.  
13 Qualifying plant for the purposes of the PISA deferral is all rate base additions that are not new  
14 nuclear, coal, or gas-fired generation or rate-base additions that increase revenues by allowing  
15 service to new customer premises. During a general rate case after the PISA election, the  
16 regulatory asset must be amortized over twenty years and the unamortized balance is included  
17 in rate base and allowed a return. Any utility that elects the PISA deferral must file an annual  
18 five-year capital investment plan with the Commission with specific capital investment detailed  
19 within the plan, following the election of PISA. Additionally, in the years after filing the first  
20 capital investment plan the utility must submit a report detailing the actual capital investment  
21 from the prior year. At least 25% of the capital investment included in the plan must be for grid

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<sup>7</sup> Revised Statutes of Missouri, RSMo Section 393.1400.

1 modernization projects and additionally, during the first five years, smart meter investment is  
2 limited to 6%.

3 Q. Are there any limitations affecting this accounting treatment?

4 A. Yes. PISA remains in effect until December 31, 2028; however, electric utilities  
5 may request the Commission approve a five year continuation prior to the cutoff date,  
6 December 31, 2026. Any existing balances that remain after the expiration of PISA option  
7 would continue to be amortized and recovered through base rates by the electric utility.  
8 Additionally Ameren Missouri received Commission approval for a RESRAM in Case No.  
9 EA-2018-0202. RESRAM eligible investment must first pass through the PISA mechanism  
10 and then as the Commission determined in their Report and Order in Case No. EA-2018-0202,  
11 “that Ameren Missouri may recover depreciation expense and return associated with the High  
12 Prairie project and recorded in plant-in-service on the utility’s books as it is permitted to do by  
13 the RES statute, exclusive of the 85% of that expense and return deferred for future recovery  
14 pursuant to the PISA statute.<sup>8</sup>

15 Q. Did Ameren Missouri elect PISA?

16 A. Yes. On September 1, 2018, Ameren Missouri filed its election to use PISA as  
17 a part of Case No. EO-2019-0044. Ameren Missouri submitted its five-year capital investment  
18 plan on February 14, 2019, and has submitted subsequent yearly plans and reports in  
19 compliance with PISA requirements. During Ameren Missouri’s rate Case No. ER-2019-0335,  
20 a regulatory asset was established for PISA accumulations from September 1, 2018, to  
21 December 31, 2019, with the asset being amortized over the period of 20 years ending May 31,  
22 2040. During Ameren Missouri’s rate Case No. ER-2021-0240, a regulatory asset was

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<sup>8</sup> Report and Order, Case No. EA-2018-0202, page 11.

1 established for PISA accumulations from January 1, 2020, through September 30, 2021, with  
2 that asset being amortized over 20-year period ending March 31, 2042.

3 Q. How did Staff approach PISA in this rate proceeding?

4 A. Staff has reviewed the costs that were included in the regulatory asset for the  
5 period of September 1, 2021 through June 30, 2022 and met with Ameren Missouri to discuss  
6 how Ameren Missouri determined PISA eligible amounts, as well as the calculations for the  
7 amounts included in the regulatory asset. Staff has determined that the amounts included in the  
8 PISA deferral are in compliance with the statutes, and has included them in the deferred asset.  
9 Staff has included in the revenue requirement a twenty-year amortization of the PISA regulatory  
10 asset and included the adjusted unamortized balance as of June 30, 2022 in rate base as required  
11 by statute. Additionally, Staff removed PISA depreciation from the test year ended March 31,  
12 2022 as ultimately those amounts will be included in the deferrals.

13 Staff will continue to review the costs included in the PISA deferral through  
14 December 31, 2022 true-up cut-off in this case and will adjust the amortization and rate base  
15 inclusion based upon the actual costs. Any qualifying plant amounts that are incurred  
16 subsequent to the rate base cutoff date of December 31, 2022 will be deferred into a new  
17 regulatory asset account until the true-up cut-off date in the next Ameren Missouri general rate  
18 proceeding.

### 19 **Capitalized Incentive Compensation in PISA**

20 Q. Consistent with the last rate case, did Staff adjust the PISA regulatory assets for  
21 earnings-based incentive compensation?

22 A. Yes. Staff's adjustment reduces the deferred depreciation expense and deferred  
23 return on investment and reduces the overall amount of the deferred regulatory asset. Staff will

1 continue to review the capitalized incentive compensation that is included in the PISA projects  
2 through the December 31, 2022 true-up cut-off date and will propose an adjustment to remove  
3 the additional earnings based incentive compensation that is capitalized on PISA eligible  
4 projects during that period.

5 **CALLAWAY REFUELING NON-LABOR ADJUSTMENT**

6 Q. Please briefly describe Callaway refueling.

7 A. Ameren Missouri's Callaway nuclear power plant undergoes routine refueling  
8 and maintenance outages every eighteen months. During these outages, in addition to the  
9 refueling process, Ameren Missouri typically performs maintenance tasks, inspections, and  
10 testing that can only be completed when the reactor is offline. The most recent outage of this  
11 nature occurred in spring 2022 and is known as "Refuel 25."

12 Q. How is Callaway refueling accounted for?

13 A. In Case No. EU-2020-0114 Ameren Missouri sought authority to defer and  
14 amortize certain costs related to Callaway Energy Center refueling outages. On January 29,  
15 2020, the parties to the case stipulated that the Commission should issue its order authorizing  
16 Ameren Missouri, starting with "Refuel O&M costs" incurred and to be incurred for Callaway  
17 refueling outage number 24 (which commenced in the fall of 2020), and for subsequent  
18 refueling outages, to defer such costs to Federal Energy Regulatory Commission ("FERC")  
19 Uniform System of Account No. 174 and to amortize the deferred costs as follows: a. Ameren  
20 Missouri will track the deferred costs within Account No. 174 to allow direct assignment of  
21 costs, via an amortization of the costs to FERC Account No. 524 (miscellaneous nuclear power  
22 expenses) and FERC Account No. 530 (maintenance of reactor plant equipment), as

1 appropriate. The amortization begins in the month Callaway is brought back online after  
2 completion of each refueling outage if such date occurs on or before the 15<sup>th</sup> day of the month  
3 in which Callaway is brought back online; and b. the deferral is on a straight line basis starting  
4 in the month described above and ending the month prior to the month in which amortization  
5 of the next refueling outage is scheduled to begin. The deferral balance is not included in the  
6 Ameren Missouri's rate base for ratemaking purposes.

7 Q. How did Staff approach Callaway refueling costs?

8 A. Staff verified that all costs were deferred correctly and that amortization began  
9 per the stipulation. Ameren Missouri, as part of its direct case, has proposed to include an  
10 average actual non-labor costs from the last three refuels to represent a normalized level of  
11 Callaway refueling expense. Staff agrees with Ameren Missouri and has included two thirds  
12 of the average non-labor costs from the last three Callaway refueling to build an appropriate  
13 level of ongoing expenses in the cost of service.

14 **CALLAWAY UNPLANNED OUTAGE EXPENSE**

15 Q. Please provide a brief description of Callaway unplanned outage.

16 A. Ameren Missouri's Callaway nuclear plant went down for the Refuel 24 outage  
17 on October 4, 2020. During this refueling outage, Ameren Missouri completed several projects  
18 using internal labor and outside vendors. Once Refuel 24 was completed, Callaway began to  
19 be brought back online on December 24, 2020. As the plant was brought back online, the main  
20 electrical generator experienced an internal electrical malfunction and the plant was forced to  
21 be taken back offline. Ameren Missouri notified the Commission of the event on January 4,  
22 2021. According to the response to Staff's data request No. 0462 in the last Ameren Missouri

1 Rate Case No. ER-2021-0240, Ameren Missouri's investigation revealed that the generator  
2 fault was due to failure of the connection rings on the main generator stator. The connection  
3 ring failures were the result of the development of a crack in the phase ring. This ultimately  
4 resulted in thermal and electrical conditions that damaged the generator rotor and stator. The  
5 location of this phase ring failure is in a location that was subject to repairs during most recent  
6 refueling outage 24. This outage event caused the Callaway plant to be offline until the  
7 investigation and repairs could be made. Callaway was brought back online at full generation  
8 beginning of August, 2021.

9 Q. What is Staff's recommendation regarding Callaway unplanned outage costs?

10 A. Staff recommends removing all residual costs connected to this unplanned  
11 Callaway refueling outage from Ameren Missouri's test year. No additional costs associated  
12 with this unplanned outage will be included in Ameren Missouri's cost of service.

13 Q. Does this conclude your direct testimony?

14 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 Adjust         )  
Its Revenues for Electric Service                 )            Case No. ER-2022-0337

**AFFIDAVIT OF ANTONIJA NIETO**

STATE OF MISSOURI     )  
                                  )  
COUNTY OF JACKSON   )            ss.

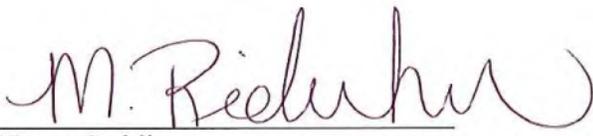
**COMES NOW ANTONIJA NIETO** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony of Antonija Nieto*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
**ANTONIJA NIETO**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the City of Jackson, State of Missouri, at my office in Kansas City, on this 4<sup>th</sup> day of January 2023.

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

 M. RIDENHOUR  
My Commission Expires  
July 22, 2023  
Platte County  
Commission #19603483

## Antonija Nieto

### **Educational and Employment Background and Credentials**

I am currently employed as a Senior Utility Regulatory Auditor for the Missouri Public Service Commission (“Commission”). Previously I was employed by Lauterbach, Borschow and Company, P. C. in El Paso, TX as an auditor specializing in financial institutions audits from January 2008 to November 2009. I earned a Bachelor of Accounting from New Mexico State University in December 2006 and a Master of Accounting with minor in Management, also from New Mexico State University in December 2007. I have been employed by the Commission since October 2016.

As a Senior Utility Regulatory Auditor, I perform rate audits and prepare miscellaneous filings for consideration by the Commission. In addition, I review all exhibits and testimony on assigned issues, develop accounting adjustments and issue positions which are supported by workpapers and written testimony. For cases that do not require prepared testimony, I prepare Staff Recommendation Memorandums.

Cases in which I have participated and the scope of my contributions are listed below:

<b>Case/Tracking Number</b>	<b>Company Name- Type of Case; Issues</b>
ER-2022-0337	<b>Ameren Missouri</b> Non-Labor Power Plant Maintenance, Software and Cybersecurity Revenues and Expenses, Call Center Costs, Plant in Service Accounting (PISA), Insurance Expense, Advertising Expense, Lobbying Expense (including MEDA), Dues and Donations, Edison Electric Institute (EEI), Customer Convenience Fees, Wind Generation Operations and Maintenance Expense, Callaway Refueling Non-Labor Expense, Callaway Unplanned Outage Expense/Capital
EA-2022-0328	<b>Evergy Missouri West</b> Certificate of Convenience and Necessity

cont'd Antonija Nieto

Case/Tracking Number	Company Name- Type of Case; Issues
<p>ER-2022-0129</p> <p>ER-2022-0130</p>	<p><b>Evergy Missouri Metro and Evergy Missouri West</b></p> <p>Advertising, Customer Advances, Customer Deposits, Dues and Donations (EEI), EMS Run, Material and Supplies, Prepayments, Lobbying, Accounts Receivable Bank Fees, Debit/Credit Card Processing Fees, Economic Relief Pilot Program, Renewable Energy Standard Amortization, Regulatory Asset Amortizations, Injuries and Damages, Insurance, IT Software Maintenance, Maintenance, Wolf Creek Nuclear Refueling Outage, Plant in Service Accounting (PISA)</p>
<p>GO-2022-0171</p>	<p><b>Spire Inc.</b></p> <p>Infrastructure System Replacement Surcharge (ISRS)</p>
<p>GR-2021-0108</p>	<p><b>Spire, Inc.</b></p> <p>Advertising, Board of Directors, Cash Working Capital, Communication Equipment Lease, Credit Card Processing Fees, Energy Efficiency and Low Income Programs/Weatherization, Energy Efficiency Program Balances, Fuel Expense Equipment and Vehicles, Insurance, Line Locating, Rents and Leases, Severance, Uncollectible Expense</p>
<p>SA-2021-0017</p>	<p><b>Missouri-American Water Company</b></p> <p>Certificate of Convenience and Necessity</p>
<p>WR-2020-0264</p>	<p><b>Raytown Water Company</b></p> <p>Leased equipment, Outside Services, Purchased Water Bills, Education Expense, Lab Fees, Office Supplies, Primacy Fees, Printing and Postage Expense, Uniform Expense</p>
<p>WA-2019-0364</p>	<p><b>Missouri-American Water Company</b></p> <p>Certificate of Convenience and Necessity</p>
<p>GO-2019-0356</p>	<p><b>Spire Inc.</b></p> <p>Infrastructure System Replacement Surcharge (ISRS)</p>
<p>WO-2019-0184</p>	<p><b>Missouri American Water Company</b></p> <p>Infrastructure System Replacement Surcharge (ISRS)</p> <p>Work Order review, Reconciliation</p>
<p>SA-2019-0161</p>	<p><b>United Services, Inc.</b></p> <p>Certificate of Convenience and Necessity</p> <p>Plant buildout, Direct Expenses</p>

cont'd Antonija Nieto

Case/Tracking Number	Company Name- Type of Case; Issues
ER-2018-0145	<b>Kansas City Power &amp; Light Company and Greater Missouri Energy Company</b> Advertising, Bad Debt Expense, Revenues, Customer Advances, Customer Deposits, Customer Growth, Dues and Donations, Material and Supplies, Other Revenues, Prepayments, Forfeited Discounts annualization, Greater Missouri Energy Company EMS Run, Payroll expenses, Payroll Taxes, Employee Benefits
GR-2017-0215 GR-2017-0216	<b>Laclede Gas and Missouri Gas Energy</b> Payroll, Payroll Taxes, Employee Benefits, Non-Labor Maintenance, A&G and O&M Cost Analysis
WR-2017-0139	<b>Stockton Hills Water Company</b> Payroll, Other Expenses
ER-2016-0285	<b>Kansas City Power &amp; Light Company</b> EMS Run, Insurance expense, Amortization, PSC Assessment, Lease expense



Edison Electric  
INSTITUTE

“  
WHAT YOU ARE  
WILL SHOW IN  
WHAT YOU DO.”

THOMAS ALVA EDISON

# Power by Association

June 2021

MEMBERSHIP  
MATTERS



## Dear Valued EEI Member,

This is an extraordinary and unprecedented time for our industry, for our nation, and for the world. While the coronavirus remains a deadly threat, I am encouraged by the growing signs of hope, optimism, and normalcy emerging across the country.

Throughout the pandemic, our industry has delivered the reliable, affordable, secure, and clean energy our customers need and expect. At the same time, we have carried forward our vision for clean energy and our goal of advancing racial and social justice, diversity, equity, and inclusion in our companies and in the communities in which we live and serve.

As always, our North Star as an industry and as an association is our customers. We continue to center our efforts on maintaining the steady and strong transition to clean energy; modernizing the energy grid to make it more dynamic, more resilient, and more secure; and developing the innovative solutions our customers expect and deserve.

Our goal is to advance favorable public policy. While impacting the legislative and regulatory process both in Washington and in the states is never easy, we must—and we will—demonstrate Power by Association, making our unified voice heard on the key issues affecting our customers and our nation's energy future.

Foremost among these are policies that will enable us to advance our leadership on clean energy. Through the Carbon-Free Technology Initiative, we continue to advocate for implementation of federal policies that can help ensure the commercial availability of affordable, carbon-free, 24/7 power technology options by the early 2030s to help us meet our net-zero carbon reduction commitments. We also continue to advocate that our existing nuclear fleet and natural gas remain available to help achieve our clean energy targets.

Tax policy may be the most important clean energy tool to emerge from this Congress, and we support policies that reduce costs for customers and enable investment. We also are working with the Administration and key federal agencies to advance policies that will get transmission and other critical energy infrastructure built more quickly. And, we continue to advocate for increased electrification to reduce carbon emissions, particularly in the industrial and transportation sectors.

With growing ransomware and cyber threats, we are working closely with our government partners, through the CEO-led Electricity Subsector Coordinating Council (ESCC), to ensure that grid resilience and cybersecurity remain paramount, as always. We also are preparing for another active and dangerous hurricane and wildfire season.

Our overarching goal remains clear: to serve our customers by providing the reliable and affordable energy they need and by building a cleaner, smarter, and stronger energy future. Every success we have as an industry leads back to our commitment to do what is right for our customers.

Theodore Roosevelt once said, "The best prize that life has to offer is the chance to work hard at work worth doing."

I am deeply proud to represent our industry, and I thank EEI's leadership team—and all of you—for your ongoing engagement, involvement, and investment in EEI.

Sincerely,

# Advancing Our Clean Energy Leadership

EEl continues to lead a broad effort to educate the Administration, Congress, state policymakers and regulators, and other stakeholders about our industry's significant carbon reductions and clean energy leadership. In April, EEl celebrated Earth Week by highlighting member companies' work to achieve their vision for clean energy and a cleaner economy and by voicing support for clean energy innovation that will accelerate the pace of change.

Among our many climate change and clean energy-related actions this year:

- Since January, EEl has hosted **more than 50 meetings** with CEOs to educate key Members of Congress and Administration officials about our industry's clean energy progress, carbon-reduction goals, and tax policy priorities.
- EEl weighed in with support for President Biden's executive orders to rejoin the **Paris Agreement**; regulate **methane emissions** from new and existing sources; impose new **CAFE standards**, restore the **California waiver**, and electrify the **federal fleet**; increase **offshore wind** deployment; and recognize the vital role **infrastructure** plays in supporting the clean energy transition.
- On Earth Day, EEl issued a statement in response to President Biden's new **nationally determined contribution** for the United States under the Paris Agreement.
- EEl voiced support for the **Clean Energy for America Act**, introduced by Senate Finance Committee Chairman Ron Wyden (D-OR). The bill would revamp the more than 40 current energy tax credits and replace them with new long-term incentives that are technology-neutral and focus on clean electricity generation, fuel production, and energy-efficient building construction.
- EEl promoted our industry's clean energy leadership through our **#Committed2Clean campaign**, events, sponsorships, earned media, and targeted op-ed placements.
- EEl ran a **60-second ad** inside the Beltway on cable networks throughout Earth Week; we also ran a digital campaign targeted to Administration officials and to lawmakers and their staff on Capitol Hill.



**EEl**

**Happy Earth Day!**

America's Investor-Owned Electric Companies Are Leading The Clean Energy Transformation [Learn More](#)



**EEl**

Today, **40%** of the electricity that powers our homes and businesses comes from clean, **carbon-free sources.**

America's Investor-Owned Electric Companies Are Leading The Clean Energy Transformation [Learn More](#)

*During Earth Week, EEl ran digital ads in Politico Morning Energy and other media outlets to highlight how member companies are achieving their clean energy vision.*

- EEI testified before the House Select Committee on the Climate Crisis on the importance of **grid modernization and expansion** in support of the industry’s clean energy transformation.
- EEI partnered with the World Business Council for Sustainable Development and the Business Council for Sustainable Energy on a **Climate Action Week** virtual event highlighting the key role of the power sector in addressing the climate challenge.
- EEI developed an educational webinar series for member companies on **environmental justice** issues; the first installment, featuring EPA and state officials, was held June 1.
- EEI led and supported efforts to promote electric company carbon-free energy offerings that support **corporate customer sustainability goals**:
  - EEI released the second year of its **Electric Company Carbon Emissions and Electricity Mix Database** for corporate customers.

The database includes 2020 carbon dioxide emission intensity rates for delivered electricity by member operating company, accounting for renewable energy certificates and green tariff programs. This database is used by corporate customers to report their Scope 2 carbon emissions (i.e., emissions related to delivered electricity) to the carbon-reporting agencies. Since the first release in June 2020, the database has been downloaded more than 1,000 times.

- EEI advanced discussions related to 100-percent carbon-free energy solutions with **state regulators and corporate customers** through various high-level dialogues.
- EEI engaged with EEI’s **Corporate Customer Advisory Group** on strategies for achieving 100-percent carbon-free energy solutions.

## THE CARBON-FREE TECHNOLOGY INITIATIVE

Achieving deep carbon reductions will require new, affordable, 24/7 carbon-free technologies. In March, EEI partnered with leading energy and environmental policy groups to launch the Carbon-Free Technology Initiative (CFTI) to identify and to advocate for specific policy proposals that can help ensure the commercial availability of key technologies by the early 2030s. Technology areas of focus include:

- Advanced wind and solar energy systems;
- Long-duration storage and advanced demand efficiency;
- Advanced, dispatchable, and renewable super hot rock deep geothermal;
- Zero-carbon fuels, such as hydrogen;
- Advanced nuclear energy (both fission and fusion);
- Carbon capture, utilization, and storage.

The CFTI partners are focused on briefing key congressional committees and Administration officials about the initiative and the need for federal funding for technology research, development, demonstration, and deployment (RDD&D). President Biden’s budget proposal released in late May includes significant funding increases for RDD&D for clean energy technologies.

## CARBON-FREE TECHNOLOGY INITIATIVE



# Highlights & Important Developments

- With negotiations for a broad **infrastructure** package front and center on Capitol Hill, EEI is advocating that electric transportation, broadband infrastructure, cyber, and resiliency proposals be included.
- EEI continues to meet with key lawmakers to lay out our clean energy **tax priorities** and to voice our concerns about increasing the corporate tax rate; reinstating a corporate minimum tax; and ensuring that the tax rates on dividends remain low and on par with capital gains.
- EEI continues to lead member companies in demonstrating a strong and united front during the **pandemic**—ensuring unity of effort, unity of message, and unity of guidance. Among our activities:
  - EEI partnered with our organized labor partners—the International Brotherhood of Electrical Workers (IBEW) and Utility Workers Union of America—on a letter to promote **COVID-19 vaccines** to our workforce.
  - EEI sponsored four **vaccine-related webinars** on topics including employment law and companies’ vaccination workforce strategies.
  - EEI continues to work through the ESCC to update the **ESCC Resource Guide**, releasing the 10th version of the Guide in February.
  - EEI conducted a second comprehensive **future of work survey** and hosted a series of webinars to discuss findings and future considerations.
  - EEI continued to work through **Utilities United Against Scams** to educate customers and the media about the tactics used by scammers as part of a national effort to #StopScams.

**UTILITIES UNITED**  
**AGAINST SCAMS**

## GLOBAL ELECTRIFICATION FORUM



Over two weeks in April, EEI’s Global Electrification Forum (GEF)—held virtually for the first time—attracted nearly 700 attendees and had tremendous participation from industry CEOs and leaders from across the world. The informative and engaging program featured panel sessions, keynotes, executive roundtables, an innovation showcase, and fireside chats. More

than 50 speakers, representing 34 countries, covered a broad range of issues, including serving customers in the post-pandemic world; the electrification of economies; the clean energy future; digitalization; customer expectations; business and regulatory models; resiliency; financing net zero; and leadership.

In addition to the many U.S. and international electric company executives and leaders from the financial, transportation, and other sectors who took part in panels and fireside chats, the GEF included remarks from several distinguished speakers, including:

- His Royal Highness Prince Charles, The Prince of Wales
- Lord Mervyn King, former governor of the Bank of England
- Roman Krznaric, author of *The Good Ancestor*
- Malcolm Turnbull, the 29th Prime Minister of Australia
- Rod Carr, chair of New Zealand’s Climate Change Commission
- Tomas Anker Christensen, Denmark’s climate ambassador
- Hamadoun Touré, Mali’s minister of communication and digital economy

- EEI continues to highlight and to amplify member companies' COVID-19 response and leadership through our social media channels. To date, our **#PoweringThruTogether** hashtag and related hashtags have generated more than 163 million impressions on Twitter.
- In March, Congress passed the American Rescue Plan. EEI successfully lobbied for inclusion of an additional \$4.5 billion in **Low Income Home Energy Assistance** funding to help energy customers. EEI also succeeded in keeping **disconnection moratorium** language out of the legislation, pointing to the tremendous efforts that member companies have made in working with their state commissions to help customers throughout the pandemic.
- EEI's industry-wide initiative to advance **racial and social justice and diversity, equity, and inclusion**, launched in September 2020, has 100-percent member company participation. EEI member companies continue to work collaboratively to document how they are addressing racial and gender gaps within the industry and are accelerating their outreach and support to those suffering from systemic racism, poverty, and economic disadvantage.
- Under the leadership of Berkshire Hathaway Energy CEO Bill Fehrman, EEI supported the initial rollout of the Administration's **Industrial Control**

**System 100-Day Sprint.** EEI helped participants navigate the process with informative calls and resources and worked to align industry and government goals for operational technology security.

- EEI completed the first pilot for the Culture of Security Peer Review Program, the newest effort under the **Culture of Security Initiative**. This pilot identified both recommended practices and opportunities for improvement at the reviewed electric company, while providing experience for reviewers and EEI to enhance the peer review program going forward.
- EEI is addressing the impact of new Department of Defense (DoD) **Cybersecurity Maturity Model Certification** requirements, working with member companies, Congress, and government agencies to ensure that policies do not duplicate or conflict with existing electric power sector regulatory standards.
- EEI conducted a functional exercise for the **National Response Event** mutual assistance program, utilizing lessons from the 2020 emergency responses and pandemic challenges to inform and prepare for the 2021 hurricane and wildfire season.
- EEI held a successful **second virtual ESCC meeting**, bringing together members of the electric sector and the new Administration to discuss national security and resilience priorities, supply chain

## CELEBRATING LABOR - MANAGEMENT PARTNERSHIP AT NATIONAL LAMPAC

EEI and IBEW co-hosted the 14th annual National LAMPAC meeting—held virtually for the first time—in March. Participants discussed a range of issues, including the industry's response to the pandemic, clean energy, opportunities to advance America's energy future, and more.

Following the meeting, U.S. Representative Debbie Dingell (D-MI) presented the John D. Dingell Award to Senator Joe Manchin (D-WV) and Senator Lisa Murkowski (R-AK) for their work on the energy legislation included in the final omnibus appropriations and COVID-19 relief package of 2020.

Also during the meeting, EEI President Tom Kuhn, American Electric Power (AEP) Chairman, President, and CEO Nick Akins, and IBEW International President Lonnie Stephenson presented the Ed Hill Award (for a lifetime of service to labor and industry) to Tom Dalzell, business manager of IBEW Local 1245, and Tom Householder, AEP managing director, labor relations (retired).



threats, cybersecurity challenges, and strategic and tactical initiatives that ensure unity of effort and unity of message in defending the nation's most critical infrastructure.

- EEI hosted a two-day **ESCC Wildfire Workshop & Technology Summit** in preparation for the 2021 wildfire season, identifying opportunities for improved response, coordination, and technology deployment to better prevent ignition and to detect fires quickly when they do occur.
- EEI engaged with the U.S. Department of Agriculture (USDA) to emphasize the importance of **climate-smart agricultural and forestry practices** in achieving economy-wide carbon reductions; the need for USDA to engage with other federal agencies and Congress to provide incentives and regulatory certainty around biomass accounting and renewable natural gas; and the collaborative work that EEI members are undertaking with USDA and other stakeholders to address **wildfire risk**.
- EEI established a CEO-led **Broadband Task Force** to share information on how member companies can explore opportunities to build out fiber and leverage their existing infrastructure to help close the digital divide.

- EEI successfully advocated for member companies to be eligible for \$350 billion in state and local funding for **broadband infrastructure** in the American Rescue Plan.
- In February, EEI released a new report, *Electric Transmission: Enabling the Clean Energy Transformation*, that details how **electric transmission** infrastructure provides multiple benefits to customers, enables the deployment of new technologies, enhances reliability and resiliency, and is the key to integrating more clean energy into the grid affordably and reliably.
- Among our efforts to advance **electric transportation**, EEI:
  - Expanded the ongoing collaboration on **fleet electrification** with additional national corporate customers, including Walmart, UPS, FedEx, and PepsiCo, to facilitate early engagement on EV infrastructure planning and to streamline communication between electric companies and fleet operators.

#### EEI BUSINESS DIVERSITY CONFERENCE AND AWARDS

EEI hosted the 37th Business Diversity Conference virtually, with more than 300 registered attendees representing member company supplier diversity professionals and diverse suppliers. Panel discussions focused on the industry's first-ever Supplier Diversity Economic Impact Study, the C-suite view of the transformative and resilient energy grid, ESG, and best practices in supplier and workforce diversity.

EEI Chairman Ben Fowke, Chairman and CEO, Xcel Energy; EEI Vice Chairman Warner Baxter, Chairman, President, and CEO, Ameren Corporation; Kelly Tomblin, President and CEO, El Paso Electric; and Caroline Winn, CEO, San Diego Gas & Electric, addressed the conference, demonstrating their leadership and support of supplier diversity.

Ameren Corporation and Evergy were presented with the event's highest recognitions as winners of the 2021 EEI Business Diversity Excellence Award and 2021 EEI Business Diversity Innovation Award, respectively, on the virtual stage.



- Established touchpoints with the White House Council on Environmental Quality to help federal agencies leverage electric company expertise and financing options to deploy **EV charging infrastructure** in support of the Administration’s federal fleet electrification goals.
- Supported member company EV policy proceedings in several states. EEI’s *Electric Transportation Biannual State Regulatory Update* shows 31 states and DC have approved **electric company EV programs**—including investment in EV charging infrastructure—that total nearly \$3 billion.
- EEI worked with allies to improve the language in two updated and recently published green **building standards** that require residential and commercial new construction to have “EV Ready” parking spaces.
- **At FERC:**
  - EEI filed 16 sets of **comments**, including comments generally supporting FERC’s cybersecurity incentives proposal; discussing the appropriate role and structure for FERC’s Office of Public Participation; and opposing the Center for Biological Diversity’s request for FERC to conduct a rulemaking to change FERC’s accounting rules for classification of association dues.
  - EEI, along with representatives from Arizona Public Service and Duke Energy, provided a presentation to FERC staff on the industry’s **clean energy** goals and progress.
- EEI persuaded FERC to deny a petitioner’s request for generic, universal guidance on **accounting for renewable generating equipment** without soliciting comments in a rulemaking to amend the Uniform System of Accounts.
- EEI obtained FERC approval of an extension of the blanket waiver eliminating reductions in the FERC allowance for funds used during construction (AFUDC) rate otherwise resulting from liquidity-driven short-term debt increases. The waiver maintains a pre-pandemic balance in the capital structure for computing **AFUDC**, removing a financial disincentive that would have penalized member companies’ prudent actions to preserve financial strength and flexibility during the COVID-19 pandemic.
- EEI released Version 3 of the **ESG/Sustainability Template** with timely enhancements covering areas such as diversity, equity, and inclusion and more uniform disclosure of long-term climate goals. EEI also released Version 1 of the **Natural Gas Sustainability Initiative** protocol.
- EEI testified before the Securities and Exchange Commission and submitted extensive comments in response to its request for input on **climate change disclosure requirements**. EEI’s comments support an industry-specific, investor-focused, principles-based approach for ESG disclosures with a focus on financial materiality.

## SHOWCASING OUR INDUSTRY’S LEADERSHIP

Throughout the unprecedented events of 2020, EEI’s *Electric Perspectives* magazine documented the extraordinary efforts of member companies to serve customers amid the COVID-19 pandemic, while confronting historic and devastating hurricanes, wildfires, a derecho, and more. *EP* also showcased member companies’ leadership on building a cleaner, smarter, stronger energy future for customers. Read all our recent issues at [www.ElectricPerspectives.com](http://www.ElectricPerspectives.com). Printed copies of past issues are available upon request from Charles Van Someren ([cvansomeren@eei.org](mailto:cvansomeren@eei.org)).



- EEl hosted the spring 2021 **ESG/Sustainability Committee Meeting** with more than 200 attendees from member companies and the financial community, focusing on topics such as achieving economy-wide net-zero carbon emissions, ESG supply chain considerations, and the 2021 proxy season.
- EEl convened multiple virtual meetings and worked with member company **risk management** experts to collect benchmark insurance information, with an increasing focus on cybersecurity and wildfire insurance coverage.
- Since January, EEl's **state engagement** team has fulfilled 152 different requests on behalf of 47 member companies working in 36 states on challenges to the business model.
- EEl worked with members of Congress to relaunch the **Smart Cities Caucus**, a bipartisan group led by Congresswoman Yvette Clark (D-NY) and Congressman Daryl Issa (R-CA).
- On the **environmental regulatory and policy** front:
  - EEl and USWAG continue to assist member companies with compliance with the **coal ash rule**, including implementation of the closure of unlined coal ash basins, submission of closure deadline extension requests for facilities facing unique technical challenges, and development of alternative liner demonstrations.
  - EEl successfully advocated for a **final nationwide permit program (NWP)** that includes a new power line-specific nationwide permit, reducing member company risk of litigation as the new NWP is separate from those related to oil and gas pipelines.
  - EEl coordinated with member companies on compliance strategies for the **steam electric effluent limitation guidelines** in advance of October compliance deadlines.
  - EEl continued outreach on the U.S. Fish and Wildlife Service's proposed rule that would rescind the previous administration's rule that established that incidental take is not a violation of the **Migratory Bird Treaty Act**.
- As part of the EEl-led effort to reduce or eliminate **serious injury and fatalities (SIF)** in the electric power sector, EEl has opened the SIF Learning Center, an online resource for shared learning from industry incidents and observations that may have the potential to cause life-threatening or life-altering outcomes.
- EEl published a new report that provides definition and metrics for scientifically validated **safety leading indicators** that will enable consistent tracking and benchmarking of safety performance.

## ELECTRIC PERSPECTIVES: THE PODCAST

Launched in April, EEl's new *Electric Perspectives* podcast examines the latest trends and issues shaping the electric power industry. The podcast includes an international series, "The Global Circuit." Tune in on Podbean, Spotify, iTunes, or wherever you get your podcasts to hear top leaders and experts from across the country and around the world discuss the future of energy.



- EEI signed a memorandum of understanding with the U.S. Army to develop joint best practices on **energy resilience planning** to foster more EEI member company-DoD installation partnerships.
- The Institute for Electric Innovation (IEI) released its annual **smart meter** report, finding that electric companies had installed 107 million smart meters as of year-end 2020 and are using the data, underlying communication systems, and technology to support customers during the COVID-19 pandemic, to engage customers in programs to shift and shape their energy use, to support clean energy goals, and to enhance energy grid resiliency and operations during severe weather events.
- EEI led efforts to advance **residential customer services** to enhance the customer experience.
  - As a continuation of the **customer centricity** initiative, EEI identified two customer service areas to move forward as an industry: advancing comprehensive customer assistance and rethinking customer payment enablement.
  - EEI recruited customer officers to participate in three **Critical Consumer Issues Forums** with state regulators, consumer advocates, and EEI member company regulatory executives. Customer officer participation greatly advanced awareness of, and appreciation for, the extensive work that electric companies have been doing and are still doing to assist customers during the pandemic.



- Through IEI, EEI launched a **new dialogue series** that focuses on the role of technology in engaging with and delivering solutions to residential customers. Executives from Google and Arizona Public Service kicked off the series in April, followed by Oracle and PG&E in May, and ESource and Portland General Electric in June.
- In matters at the **Financial Accounting Standards Board (FASB)**:
  - Successfully persuaded FASB to eliminate a **lease accounting** anomaly that would have required owners to write off leased generating plants (primarily solar and wind with storage) upon execution of a PPA to sell substantially all the plant's output. This much-needed correction eliminates financial reporting distortions for member companies as they deploy greater amounts of renewable generation.
  - Convinced FASB to reject a proposed requirement for re-marketed long-term **pollution control debt** to be classified as short-term.
- EEI hosted the **2021 Tax School** in May with more than 350 attendees from EEI and AGA member companies.
- EEI hosted more than 20 regulatory commissioners in April for a two-day virtual dialogue featuring SEC Commissioner Elad Roisman and Wall Street analysts. This series provides an invaluable way to **educate state regulators** about the importance of their decisions and how those decisions impact broader stakeholders and electric companies around the country.

## EDISON AWARD FINALISTS ANNOUNCED

Since 1922, the Edison Award—the electric power industry's most prestigious honor—has recognized electric companies for demonstrating “distinguished leadership, innovation, and contribution to the advancement of the electric industry for the benefit of all.”

In March, an independent panel of reviewers selected finalists for the 93rd Edison Award: The AES Corporation, Edison International/Southern California Edison, Liberty Utilities, Minnesota Power, and Xcel Energy. The reviewers also named The AES Corporation, ATCO, and J-POWER as finalists for the International Edison Award.

The winners were selected by a panel of former electric company chief executives and will be announced on June 9.



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- Using the **We Stand For Energy** platform and podcast, EEI continues to educate customers and stakeholders about the industry’s policy priorities, including broadband and LIHEAP.
- EEI released the **2020 Financial Review**, which describes broad financial trends across the industry and features sections on stock performance, dividends, credit ratings, business segmentation, mergers and acquisitions, construction, and fuel sources.
- EEI’s **PowerPAC** hosted 25 industry events for Members of Congress, raising more than \$500,000.
- Demonstrating continued global leadership, EEI’s **International Programs** convened three regional roundtables on strategic issues: two transatlantic dialogues with CEOs from U.S., Canadian, and European electric companies, and one Asia-Pacific dialogue with CEOs from Asia, Australia, India, and New Zealand.

**DON'T MISS OUT!**

## Energy Talk

Hear from key industry leaders and decision makers in the energy field.

Get the news you need on critical policy issues and electric power industry trends electronically from EEI.

**» To have Energy Talk delivered to your inbox, email [EnergyTalk@eei.org](mailto:EnergyTalk@eei.org).**



**IN MEMORIAM:  
THOMAS F. FARRELL II**



Former Dominion Energy Chairman, President, and CEO Tom Farrell passed away on April 2, one day after retiring from the company. He served in leadership roles at Dominion Energy since 2006, and as EEI

Chairman from 2011-2012. Among the many accomplishments during his EEI chairmanship, Farrell was instrumental in creating the Troops to Energy Jobs program to streamline the hiring process for our nation’s military veterans. Troops to Energy Jobs has helped more than 50 energy companies implement best practices and create pathways for military veterans to find training and careers in the electric, nuclear, and natural gas industries.

“Tom was a visionary leader and a trusted friend and confidante to me and to so many throughout our industry,” EEI President Tom Kuhn wrote in *IHS Energy Daily*. “A true statesman, Tom believed deeply in our industry’s essential public service mission and always focused on finding innovative solutions to the energy challenges we face as a society. He worked tirelessly throughout his career to advance public policies that benefit the customers and communities served by Dominion Energy and other investor-owned electric companies across the country.”

Writing in *The Richmond Times-Dispatch*, EEI Chairman Ben Fowke said: “I had the privilege of knowing and working with Tom Farrell for more than 10 years. He was a consummate gentleman, statesman, and visionary leader who worked tirelessly to solve problems, build consensus, and advance public policies that benefit electricity customers in Virginia and across the country.”

**DUKE ENERGY’S LYNN GOOD RECEIVES  
DISTINGUISHED LEADERSHIP AWARD**

During the January Board and CEO meeting, EEI presented its Distinguished Leadership Award to Duke Energy Chair, President, and CEO Lynn Good. The award recognizes the commitments, contributions, and individual achievements of investor-owned electric company leaders, and recipients are chosen by their peers.

“Lynn is an extraordinary leader and visionary for the electric power industry. She has repeatedly demonstrated her unwavering commitment to the customers and communities Duke Energy serves, while also helping to position our industry for the future,” said EEI President Tom Kuhn. “Lynn’s advocacy on key policy issues has helped shape our industry’s transition to a clean energy future, and it is a privilege and an honor to present her with this award.”



The Edison Electric Institute (EEI) is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for more than 220 million Americans, and operate in all 50 states and the District of Columbia. As a whole, the electric power industry supports more than 7 million jobs in communities across the United States. In addition to our U.S. members, EEI has more than 65 international electric companies with operations in more than 90 countries, as International Members, and hundreds of industry suppliers and related organizations as Associate Members.

Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.

For more information, visit our Web site at [www.eei.org](http://www.eei.org).



**Edison Electric Institute**  
701 Pennsylvania Avenue, NW  
Washington, DC 20004-2696  
202-508-5000 | [www.eei.org](http://www.eei.org)



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INSTITUTE

“  
WHAT YOU ARE  
WILL SHOW IN  
WHAT YOU DO.”

THOMAS ALVA EDISON

# Power by Association

June 2022

MEMBERSHIP  
MATTERS



## Dear Valued EEI Member,

The profound and long-term energy transformation we are leading is continuing to deliver immense benefits for the customers and communities we serve. And, as our transformation continues, these benefits are continuing to grow.

Despite our tremendous clean energy progress, this year has brought extraordinary and unprecedented challenges for our industry and for our nation. These include supply chain disruptions, higher inflation, rising interest rates, evolving cyber threats, and continued partisanship on Capitol Hill. We also know that we will face another challenging season of extreme storms and wildfires. Russia's war in Ukraine and its human toll on civilians have compounded these challenges.

Throughout every challenge we face as a nation and an industry, I remain inspired by the courage and commitment of your companies to deliver America's resilient clean energy—and by our industry's talented, dedicated workers. As always, our focus as an industry and as an association is on serving our customers. Our commitment to provide the affordable, reliable, secure, and clean energy our customers need and expect remains strong.

As always, EEI is advocating for favorable public policies in Washington and in the states. We continue to coordinate and to lead industry efforts related to funding programs and implementation of the Infrastructure Investment and Jobs Act, particularly with respect to broadband; electric transportation; grid modernization; cybersecurity; energy resilience; and research, design, and development for carbon-free technologies.

At the same time, we are urging Congress to pass legislation that includes a robust clean energy tax package, which will deliver significant long-term benefits for electricity customers. We also continue to educate policymakers, customers, and other stakeholders about our industry's clean energy leadership.

As the risks of cyber-attacks and other threats grow and evolve, grid resilience and cybersecurity are paramount, as always. Through the CEO-led Electricity Subsector Coordinating Council (ESCC), we

are building on our strong partnerships to improve operational coordination with government, other sectors, and across the energy industry. These efforts also are helping to strengthen our response to extreme weather and wildfires.

We also are focused on advancing public policies that recognize the vital role of energy infrastructure and the need for a coordinated, streamlined, and consistent siting and permitting regulatory framework to facilitate investments in critical infrastructure. We also are working to secure favorable outcomes before the Departments of Energy (DOE) and Transportation (DOT), Federal Energy Regulatory Commission (FERC), Environmental Protection Agency (EPA), Securities and Exchange Commission (SEC), and other regulatory forums and proceedings.

Through the National Electric Highway Coalition and other outreach, we continue to promote the benefits of electric transportation and are supporting policies and regulations that accelerate electric transportation and charging infrastructure. Our engagement with EEI member companies and customers is finding solutions that meet the needs of our customers—including residential, corporate, and military customers—and that provide a seamless customer experience. In addition, we continue to advance our industry-wide initiative focused on goals and actions to advance racial and social justice and diversity, equity, and inclusion in our workforce, workplaces, and communities.

President John F. Kennedy once observed, "We are not here to curse the darkness, but to light the candle that can guide us through that darkness to a safe and sane future."

I am deeply proud to represent our industry as we light the way to a brighter future for all Americans. I thank EEI's leadership team—and all of you—for your ongoing engagement, involvement, and investment in EEI.

Sincerely,

# EEL Advocates for Key Clean Energy Tax Provisions

Negotiations on a **clean energy tax package** remain front and center on Capitol Hill. To date, EEL has met with more than 100 key lawmakers to educate them about the package’s benefits, especially for electricity customers, and the need to ensure that the final legislation includes a normalization opt-out for the storage and transmission ITCs. In addition, EEL continues to raise awareness about the negative impact a corporate minimum tax will have on customers and capital investments.

In February, EEL and a delegation of member company CEOs met with President Joe Biden; U.S. Energy Secretary Jennifer Granholm; National Climate Advisor Gina McCarthy; National Economic Council Director Brian Deese; and other Administration leaders to discuss our industry’s clean energy leadership and our strong support for legislation that incorporates forward-thinking actions to address climate change. This includes a robust clean energy tax package that will deliver significant long-term benefits for electricity customers.



The delegation, led by EEL President Tom Kuhn, included EEL Chairman Gerry Anderson, executive chairman, DTE Energy; EEL Vice Chairman Warner Baxter, executive chairman, Ameren Corporation; EEL Vice Chairman Pedro J. Pizarro, president and CEO, Edison International; Nick Akins, chairman, president, and CEO, American Electric Power; Calvin Butler, senior executive vice president and COO, Exelon Corporation; Tom Fanning, chairman, president, and CEO, Southern Company; Lynn Good, chair, president, and CEO, Duke Energy; and Pat Vincent-Collawn, chairman and CEO, PNM Resources.

Following a discussion on clean energy tax policies, EEL’s delegation met with Secretary Granholm; National Cyber Director Chris Inglis; National Security Council Director of Resilience and Response Caitlin Durkovich; and Cybersecurity and Infrastructure Security Agency Executive Assistant Director for Cybersecurity Eric Goldstein to discuss cybersecurity collaboration, supply chain issues, and wildfire risk mitigation.



# Focus on IIJA Implementation

Following passage of the historic Infrastructure Investment & Jobs Act (IIJA) last fall, EEI quickly shifted our focus to a range of issues related to IIJA implementation to ensure that member companies and state and local governments can access and use new federal infrastructure funds and programs effectively and efficiently.

Among our IIJA-related activities, EEI:

- Hosted an **IIJA Implementation Summit** on June 16 in Washington, bringing together more than 200 senior industry executives to hear from top government officials and key stakeholders from DOE, DOT, the National Telecommunications Information Administration, National Governors Association, and National Association of State Energy Officials.
- Conducted multiple briefings with key Administration officials from DOE, DOT, and the Joint Office of Energy and Transportation to discuss the implementation of IIJA funding. Hundreds of member company executives attended each of these briefings.
- Launched an **IIJA Implementation Playbook** that will provide member companies with weekly updates, monthly deep dives on issues, and important details regarding the implementation of IIJA and funding opportunities. In addition, EEI created an IIJA implementation workroom that serves as a central members-only information hub.
- Coordinated with the newly formed Joint Office of Energy and Transportation to educate and to prepare member companies for the implementation of the **more than \$20 billion of electric transportation-related funding** in IIJA. EEI also is engaged with other key federal agencies to advocate for maximizing the impact of federal funds by leveraging existing transportation electrification efforts from member companies.
- Drafted and filed comments, in coordination with member companies, responding to the **government's requests for information** (RFI) for a number of IIJA programs, including:
  - DOE's Advanced Manufacturing Office's RFI on the opportunities and challenges for decarbonizing the U.S. industrial sector
  - DOE's Transmission Facilitation Program RFI
  - DOE's resilience grant program for states, territories, and tribes
  - DOE's long-duration energy storage RFI
  - DOE's hydrogen manufacturing and hydrogen hub RFIs
  - The Department of Commerce's RFI on middle-mile broadband programs
  - DOT's RFI regarding implementation of the \$7.5 billion dedicated for electric vehicle (EV) infrastructure under IIJA

## ELECTRIC PERSPECTIVES PODCAST

EEI's *Electric Perspectives Podcast* continues to examine the latest trends and issues shaping the electric power industry. The podcast includes an international series, "The Global Circuit."

Visit [www.eei.org/podcast](http://www.eei.org/podcast) or tune in on Podbean, Spotify, iTunes, or wherever you get your podcasts to hear top leaders and experts from across the country and around the world discuss the future of energy.



The banner features the EEI logo on the left, followed by the text "Electric Perspectives PODCAST" in a large, bold font. To the right of the text is a stylized orange power button icon. On the far right, a dark blue box contains the text "Listen to the latest episode: www.eei.org/podcast".

# Highlights & Other Important Developments

2022 already has been an incredibly active and challenging year for our industry on multiple fronts. EEI remains engaged on a wide range of issues and in multiple forums, both in Washington and in the states. Following is a recap of our activities and achievements at the mid-year point.

## Clean Energy & Climate-Related Issues

- On June 6, the White House announced significant actions to address the turmoil in the solar market caused by the Commerce Department's **Auxin circumvention investigation**. EEI worked with a broad coalition of partners, including organized labor, to help shape this positive outcome.
- EEI facilitated a bipartisan letter sent to President Biden from **19 governors** urging an expedited determination on the Auxin solar petition. EEI also worked to help secure signatures on letters sent to President Biden by **22 senators** and **85 representatives**, calling for an expedited process by Commerce. The letters generated significant media attention.
- EEI launched the second round of the **Carbon-Free Technology Initiative (CFTI)** to update policy recommendations and specific policy proposals that can help ensure the commercial availability of new, affordable 24/7 carbon-free technologies by the early 2030s.
- As an extension of CFTI, EEI hosted its second **clean tech forum at Guggenheim Partners** with more than 100 attendees, including key policymakers, investors, nuclear technology companies, and member company leaders. The conference focused on commercialization and deployment of advanced nuclear energy technologies and on educating the financial community and policymakers about the need for, and benefits of, **advanced nuclear**.

## 2022 GLOBAL ELECTRIFICATION FORUM

EEI's sixth annual Global Electrification Forum (GEF)—held virtually April 25-29—attracted more than 1,000 attendees from around the world and highlighted how global electric companies are transitioning to a more sustainable world. The GEF explored the bridges, opportunities, barriers, and risks associated with this transition and examined key issues like cross-sector coordination, the geopolitics of energy, supply chains, investment, demographics, innovation, resilience, the psychology of change, and more.

In addition to the many U.S. and international electric company executives and leaders from the financial, transportation, and other sectors who took part in panels and fireside chats, the GEF included remarks from several distinguished speakers, including the Honorable John Kerry, U.S. Special Presidential Envoy for Climate and former U.S. Secretary of State.

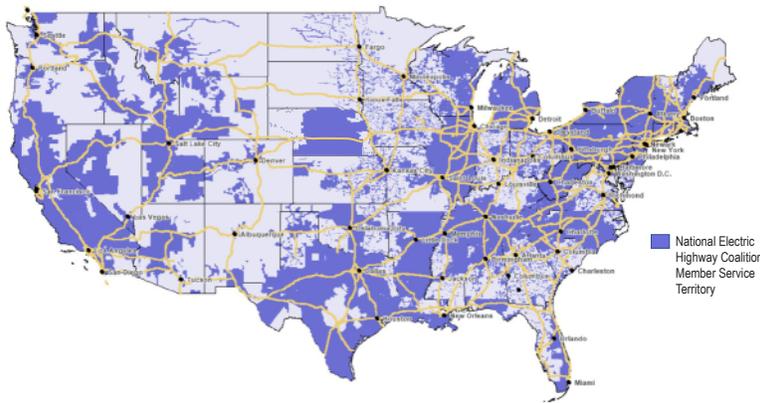


EEI Vice Chairman Warner Baxter and the Honorable John Kerry.

- EEI continued to lead advocacy in conjunction with member companies on EPA rulemakings and their potential impacts on the clean energy transition. Meetings and comments have addressed the suite of **climate, air, water, and waste regulations** currently under consideration at EPA.
- EEI filed an amicus brief with the U.S. Supreme Court regarding EPA's greenhouse gas regulatory authority in *West Virginia v. EPA*, aimed at ensuring the continuation of predictable regulatory processes for members.

### Transportation Electrification Activities

- EEI continued to promote the **National Electric Highway Coalition (NEHC)**, which launched in December and has more than 60 electric company members, and convened member companies and large national customers to discuss collaboration opportunities related to hosting EV fast charging stations.
- EEI leveraged relationships and convened dialogues with national corporate customers and major companies that lease warehouse space to advance **fleet electrification** priorities.



Current NEHC member companies collectively serve more than 120 million U.S. electric customers across 48 states and the District of Columbia.

### ADVANCING BUSINESS DIVERSITY

In May, more than 300 member company leaders and diverse suppliers convened in Los Angeles for EEI's 38th Business Diversity Conference. During the conference, EEI announced the winners of its annual Business Diversity Awards, which recognize companies for their outstanding efforts to advance purchasing opportunities for diverse suppliers, including minority-, women-, veteran-, and LGBTQ-owned businesses, within the investor-owned electric power industry.

**Southern Company** earned the **Excellence Award**, which recognizes stellar contributions in diverse supplier inclusion, development, growth, partnership, and economic impact.

**Entergy** earned the **Innovation Award**, which recognizes the implementation and execution of innovation in supplier diversity practices, as well as proven successes and benefits for diverse suppliers and for the company.

**Franklin Energy** earned the **Prime Supplier Leadership Award**, which is presented to a member company prime supplier that has made impressive strides in diverse supplier utilization and development.

**KDM Engineering** earned the **Diverse Business Award**, which is presented to a diverse supplier that does superior work and supports fellow diverse suppliers in its supply chain.



**Business Diversity**



- EEI engaged with multiple corporate customers to discuss site host collaboration opportunities for **EV fast charging stations** for the NEHC. As a result, several member companies are in advanced discussions regarding siting on corporate customer properties.
- EEI worked to pass resolutions on **electric transmission expansion** and **EV adoption** at the African American Mayors Association annual meeting.
- EEI launched a comprehensive online database of more than **300 electric transportation programs** offered by member companies to help connect

customers with EV charging programs, EV-specific rates, and other offerings.

- EEI formed a joint task force of public transit agencies and electric companies following the signing of a memorandum of understanding on **electric transit bus deployment** with the American Public Transit Association. The inaugural meeting of the joint task force identified key priorities and topics of future discussion, including electric bus charging infrastructure deployment, planning for large-scale bus electrification, and planning for energy resilience.

*Continued on p. 10*

### CELEBRATING LABOR-MANAGEMENT PARTNERSHIP AT NATIONAL LAMPAC

EEI and the International Brotherhood of Electrical Workers (IBEW) co-hosted the 15th Annual National LAMPAC meeting in Washington, DC, in March. National LAMPAC attracted more than 300 attendees and had tremendous participation from industry CEOs and labor leadership from across the country.

In addition to the industry and labor leaders who participated, the National LAMPAC meeting included remarks from several distinguished speakers, including:

- U.S. Secretary of Energy Jennifer Granholm
- National Electrical Contractors Association CEO David Long
- Senator Maria Cantwell (D-WA)
- U.S. Department of Energy Acting Executive Director & Principal Deputy Director, Office of Policy, Carla Frisch

Following the meeting, U.S. Representative Debbie Dingell (D-MI) presented the John D. Dingell Award to U.S. Department of Energy Acting Assistant Secretary for the Office of Electricity Patricia A. Hoffman and American Electric Power Senior Vice President of Government Affairs Tony Kavanagh for their impressive record of bipartisan accomplishments on a wide range of issues, many of which focused on labor-management collaboration.

Separately, the Edwin D. Hill Award (for a lifetime of service to labor and industry) was presented to Alabama Power and IBEW System Council U-19 for their efforts in bridging the digital divide.



*L to R: EEI President Tom Kuhn; American Electric Power Chairman, President, and CEO Nick Akins; U.S. Secretary of Energy Jennifer Granholm; IBEW International President Lonnie Stephenson; EEI Chairman Gerry Anderson.*



*L to R: Tom Kuhn, Nick Akins, Tony Kavanagh, Patricia Hoffman, Rep. Dingell, Gerry Anderson.*

# Highlights From EEI's Spring Board & CEO Meeting

Attendance at EEI's Spring CEO & Board Meeting in Washington in March was strong. More than 300 CEOs and senior member company executives engaged in robust policy discussions and heard from several key policy-makers. Member company CEOs also participated in congressional visits held in conjunction with the meeting.



*EPA Administrator Michael Regan participated in a fireside chat with Duke Energy Chair, President, and CEO Lynn Good.*



*EEI Chairman Gerry Anderson discussed "Partnerships to Accelerate Carbon-Free Technology Deployment" with Battelle Memorial Institute Executive Vice President for National Laboratory Management & Operations Dr. Mark Peters and EPRI President and CEO Arshad Mansoor.*



*L to R: EEI Vice Chairman Warner Baxter; White House Senior Advisor and Infrastructure Coordinator Mitch Landrieu; EEI Chairman Gerry Anderson; and EEI President Tom Kuhn.*



*EEI Vice Chairman Pedro J. Pizarro spoke with Prologis Chairman and CEO Hamid Moghadam.*



*L to R: EEI Vice Chairman Warner Baxter; American Electric Power Chairman, President, and CEO Nick Akins; Senate Energy Committee Chairman Joe Manchin (D-WV); EEI Chairman Gerry Anderson; and EEI President Tom Kuhn.*



*FERC Commissioner Mark Christie addressed the Board.*



*House Ways & Means Committee Chairman Richie Neal (D-MA) engaged in a dialogue with Eversource Energy Executive Chairman Jim Judge.*



*A fireside chat with Secretary of Commerce Gina Raimondo and Portland General Electric President and CEO Maria Pope.*



*Deputy Secretary of Defense Dr. Kathleen H. Hicks in a fireside chat with Dominion Energy Chair, President, and CEO Bob Blue.*

- EEI successfully improved EV charging infrastructure requirements in ASHRAE's 189.1 **green building standard** by incorporating language that allows both EV ready and installed EV charging stations to count toward the requirements. The updated standard will be published for adoption by states and localities in 2023.
- EEI advanced similar improved EV charging infrastructure language for public review in the **International Energy Conservation Code (IECC)** for residential and commercial buildings. States commonly adopt the latest version of the IECC as the minimum code for new construction.

### *Environmental Justice Activities*

- EEI created and published the **Environmental Justice Tracker**, which documents state legislative activity around environmental justice. A similar tracker is being created to highlight pertinent state regulatory proceedings that highlight, define, or dedicate programs to environmental justice issues.
- EEI engaged with DOE's **Office of Economic Impact and Diversity** to discuss member companies' significant investments to address environmental justice and energy equity challenges, as well as the industry's commitment to diversity, equity, and inclusion.
- The Institute for Electric Innovation (IEI) hosted a breakfast briefing at the National Association of Regulatory Utility Commissioners' (NARUC's) winter meetings on **environmental and energy justice** with member company executives and others to highlight the work already underway by member companies to ensure a fair and equitable distribution of energy and environmental benefits to all customers going forward.

### *Reliability, Security, and Business Continuity Issues*

- EEI established a working group of Chief Procurement Officers and supply chain leaders representing 47 member companies to address the industry's unprecedented **supply chain challenges**. The group is identifying and advocating

for policies that will improve supply chain availability in the near- and long-term; developing strategic partnerships with government and cross-sector stakeholders; and sharing experiences and best practices with each other.

- The ESCC established a **Supply Chain Tiger Team** to bring industry and government experts together to identify and to implement near- and medium-term solutions to supply chain constraints, particularly ahead of the 2022 storm and wildfire seasons.
- The **ESCC Wildfire Working Group** continues to coordinate with senior leadership in the White House, DOE, Departments of the Interior and Agriculture, and the Federal Aviation Administration to advance policies and operational practices that will help efforts to mitigate, respond to, and recover from wildfires.
- EEI submitted extensive comments in response to the SEC's proposed rules for **cybersecurity disclosure requirements**, emphasizing the need to balance industry-specific, critical infrastructure considerations with investor-focused, financial materiality.
- EEI successfully advocated for key member priorities, including the harmonization with existing reporting requirements, liability protections, and manageable reporting requirements and deadlines, that were included in the final **cyber incident reporting bill** that was part of the FY22 omnibus package that President Biden signed into law.
- The **Culture of Security Initiative's** new Peer Review Program completed the third pilot peer review, with two more pilots planned this year. More than 40 volunteer peer reviewers from 17 member companies participated in this review, helping to routinize and to refine the processes for future reviews and to identify leading best practices.
- For the first time since the beginning of the pandemic, EEI conducted an in-person functional exercise for the **National Response Event** mutual assistance program, utilizing lessons from recent emergency responses and supply chain challenges to inform and to prepare for this year's hurricane and wildfire seasons.

## Federal Regulatory & State Activities

- Among activities at FERC:
  - EEI filed **18 sets of comments**, including comments supporting a transmission owner’s ability to fund and to earn a return on network upgrades; supporting the use of advanced technologies when appropriate, but opposing requirements; opposing the need to change FERC’s accounting rules for classification of association dues; and opposing the imposition of a voluntariness requirement for energy companies to receive an incentive for joining a regional transmission organization.
  - FERC’s notice of proposed rulemaking on **transmission planning and cost allocation** contained proposals supported by EEI, including a federal right of first refusal for jointly constructed projects.
  - EEI comments in response to FERC’s Draft Greenhouse Gas Policy Statement and Draft Updated Certificate Policy Statement for **inter-state natural gas pipeline infrastructure** authorizations advocated for an inclusive approach to greenhouse gas analyses that accounts for the electric sector’s emissions reductions as generation shifts toward cleaner resources. Recent

FERC authorizations have adopted an approach aligned with EEI’s comments.

- EEI continues its significant direct engagement across the state regulatory and legislative landscapes. Already this year, **EEI’s State Practice** has worked on behalf of 42 member companies across 31 states and the District of Columbia in 109 instances. This includes engagement on issues such as battery energy storage, energy grid modernization, and electric transportation.
- EEI’s local issues subcommittee created a guide on approaching **franchise agreements** to provide best practices when negotiating commitments with cities and municipalities.
- EEI continued to educate NARUC and the National Association of State Utility Consumer Advocates on how electric companies are providing unprecedented levels of **support and assistance to customers** impacted by the pandemic and to educate stakeholders on ways to streamline getting assistance to customers.
- EEI continues to advance understanding among state regulators about how electric companies can provide 100-percent carbon-free energy solutions to help corporate customers meet their **sustainability goals**.

### NARUC: FOCUS ON TECHNOLOGY SUPPLY CHAIN

During NARUC’s annual Winter Policy Summit in Washington, member company leaders joined regulators, policymakers, and other industry stakeholders to discuss critical issues and innovative regulatory strategies that benefit electricity customers.

The summit’s first general session on February 14 featured a panel discussion on cybersecurity policy and priorities, including supply chain issues, that featured Berkshire Hathaway Energy President and CEO Bill Fehrman, co-chair of the ESCC; National Cyber Director Chris Inglis; and DOE Deputy Secretary David Turk.



L to R: Dep. Sec. Turk; Bill Fehrman; Director Inglis; Commissioner Jagdmann.

The conversation was moderated by NARUC President Judith Williams Jagdmann, a member of the Virginia State Corporation Commission.

Fehrman recently succeeded Southern Company Chairman, President, and CEO Tom Fanning as ESCC co-chair.

- EEI partnered with the NARUC subcommittee on executive management on **industry regulatory training and education opportunities** to meet evolving industry needs and commitments.
- EEI, in partnership with Advanced Energy Economy, released a paper that addresses the current state of **cloud computing** and the accounting rules that need to be modernized to better incentivize and to achieve parity of cloud computing when compared with on-site solutions.
- Working through the **Critical Consumer Issues Forum**, EEI leveraged member company subject matter experts to engage and to educate numerous state commissioners, member companies, and consumer advocates on regulatory issues surrounding the clean energy transition; consensus principles will be released at the summer NARUC meeting in July.
- EEI leveraged member company CEOs, including NorthWestern Energy's **Bob Rowe**, Portland General Electric's **Maria Pope**, and Xcel Energy's **Bob Frenzel**, as thought leaders in various forums, where they educated state regulators on member companies' efforts on customer assistance, distribution rebuilding after extreme weather, Wall

Street's reaction to commission decisions, and the need for regulatory certainty and cost recovery to maintain attractiveness for capital investment to keep electricity affordable for customers.

### *Customer Assistance, Sustainability, and Related Issues*

#### Residential Customers

- As a continuation of the customer centricity initiative, in collaboration with chief customer officers and E Source, EEI completed the first phase of its **Better Understanding and Serving Low to Moderate Income (LMI) Customers** initiative to identify characteristics of specific cohorts in the LMI customer segment. Phase two is underway to develop services/solutions to meet LMI customer needs.
- In collaboration with member company chief customer officers, EEI released an issue brief focused on **digital payment options** that member companies are offering to better serve residential customers; trends in customer payment preferences; and why leveling the playing field on payment fees and normalizing recovery approaches benefits all customers.

## RECOGNIZING SAFETY LEADERSHIP AND INNOVATION

EEI presented the inaugural Thomas F. Farrell, II Safety Leadership and Innovation Award in January to winners across five categories:

- **Member Company Executive:** Southern Company Gas Chairman, President, and CEO **Kim Greene** won for leading industry efforts on transforming the approach to serious injury and fatality prevention through EEI's CEO Task Force on Safety.
- **Member Company Employee Leader:** Ameren Corporation Manager for Corporate Safety and Health **Tom Dyson** won for his multiple contributions to address longstanding safety issues and challenges.
- **Academic/Thought Leader:** University of Colorado's **Dr. Matthew Hallowell** won for developing the EEI Safety Classification and Learning Model, which serves as an incident classification system that allows member companies to track incidents with the potential to cause serious injuries and fatalities.
- **Member Company Project:** **Idaho Power Company** was recognized for its nontraditional approach of combining psychological safety and behavioral safety with practical application of human performance principles.
- **Contractor Project:** **Quanta Services** won for its Capacity Model, which approaches industry safety challenges by actively addressing serious injuries and fatalities through controls and employee engagement.

Named for former Dominion Energy Chairman, President, and CEO Tom Farrell, who passed away in April 2021, the award recognizes the contributions of leadership and innovation to the advancement of safety in the energy industry. Recipients of the award are selected by a panel consisting of leadership from the labor, contractor, and academic communities; regulatory agencies; and EEI senior leadership.

EEI will present the Thomas F. Farrell, II Safety Leadership and Innovation Award annually.

- In response to an inquiry on **utility disconnects** from the House Energy and Commerce Committee, EEI provided a letter that highlighted member company efforts to deliver energy assistance to customers and addressed unfounded claims on disconnect practices.
- Through its **“Thought Leaders Speak Out: Engaging Customers with Technology”** series of virtual dialogues led by NorthWestern Energy’s Bob Rowe and Puget Sound Energy’s Mary Kipp, IEI continued to share best practices and lessons learned across member company chief customer officers on using technology to effectively engage residential customers in energy management, carbon emissions management, and more.

### Corporate Customers

- In June, EEI released its third annual **carbon emissions database** for corporate customers that provides carbon emissions intensity rates, accounting for renewable energy credits by member operating company. Corporate customers use this information to report their Scope 2 carbon emissions for delivered electricity. The database has been downloaded more than 2,000 times.
- In collaboration with corporate customers and member companies, IEI completed a series of workshops co-hosted with the World Resources Institute focused on customer sustainability goals and scalable **100-percent carbon-free energy solutions** with hourly matching of corporate customer energy use. The workshops identified the attributes of **100-percent carbon-free energy**

**solutions** that matter most to corporate customers based on sustainability goals in the near term and between 2025 and 2030.

- EEI’s **National Key Accounts Spring Workshop** in March drew more than 600 attendees, including more than 100 corporate customers and 200 member company representatives and focused on sustainability, reliability, and fleet electrification solutions for corporate and national key account customers.

### Military Customers

- EEI continued to engage **Department of Defense (DOD)** leadership on its carbon-free energy goals. EEI initiated a series of upcoming workshops with the Office of the Secretary of Defense (OSD), Council on Environmental Quality, General Services Administration, and member companies to discuss the development of representative carbon-free energy solutions in markets served by member companies.
- In March, leaders from OSD, the U.S. Army, and the U.S. Navy agreed to work closely with our industry on Executive Order 14057 goals. This includes removing contracting barriers to **member company-DOD partnerships** and expanding the use of authorized contracting vehicles to fund EV infrastructure and energy resilience.
- EEI and the Army continued efforts to jointly develop **best practices and models for energy resilience planning** by improving coordination and communication between military branches and member companies. Based on projects at

### BEN FOWKE RECEIVES DISTINGUISHED LEADERSHIP AWARD

In January, the EEI Board of Directors presented Ben Fowke, who served as EEI chairman from June 2020 to June 2021 and who retired from Xcel Energy as its executive chairman at the end of December 2021, with the EEI Distinguished Leadership Award. This award recognizes the commitments, contributions, and individual achievements of investor-owned electric company leaders. Recipients are chosen by their peers.

“Ben is an exceptional leader for our industry and a true champion of the clean energy transformation,” said EEI President Tom Kuhn. “He set bold visions for the future and has played a key role in shaping major energy policies that will continue to benefit electricity customers throughout the country directly.”



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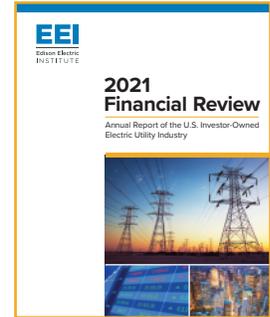
Fort Belvoir, Fort Bliss, and other bases, EEI will release an energy resilience planning and collaboration roadmap this fall for members and DOD installations to follow for future collaborative energy resilience projects.

- EEI successfully established quarterly dialogues between member company CEOs with major naval installations and with Assistant Secretary of the Navy for Energy, Installations, and Environment Meredith Berger. Led by Hawaiian Electric Industries' **Scott Seu**, the dialogues focus on opportunities for and barriers to assisting the Navy with its sustainability, EV charging, and energy resilience needs.

### ESG & Other Financial Issues

- EEI hosted its annual **CEO leadership meetings** with the financial community at the New York Stock Exchange on Wall Street. This day-long event consisted of meetings with debt and equity analysts and investment bankers, as well as with the three major credit rating agencies, Fitch Ratings, Moody's Investors Service, and S&P Global Ratings. Major discussion themes included the resilience of the energy grid, energy security, and affordability.
- EEI hosted the spring 2022 **ESG/Sustainability Committee Meeting** in New York with more than 150 attendees from member companies and the financial community, focusing on topics such as the climate and cyber proposed rules from the SEC, the 2022 proxy season, supply chain challenges, environmental justice, and diversity, equity, inclusion.
- EEI worked with member companies to collect and to report comprehensive benchmarking data on issues related to **pension and health care plans**, including actuarial assumptions, cost-saving measures, regulatory support, and compensation program updates.
- EEI held an in-person meeting of the EEI Risk Management Committee and worked with member company risk management experts to collect benchmark **insurance information**, with an increasing focus on cyber and wildfire insurance coverage, which is vital to company efforts to manage costs, negotiate existing and new coverages, and ensure that management and boards are appropriately informed.

- In June, EEI released the **2021 Financial Review**, an annual compendium covering key financial trends across the industry. This year's *Financial Review* includes key financial metrics and analysis of stock performance, dividends, credit ratings, business segmentation, mergers and acquisitions, construction, fuel sources, and regulatory rate reviews.



### Occupational Safety & Health Activities

- Building upon the serious injury and fatality prevention efforts, EEI has developed a suite of **safety metrics** to enable a more strategic and evidence-based approach to safety improvement. The metrics now are in the validation phase.
- EEI convened more than 160 members and stakeholders at the **Spring Occupational Safety and Health Committee Conference**, hosted by Southern California Edison, during which industry leaders discussed current challenges to safety performance.
- EEI filed comments with the Occupational Safety and Health Administration (OSHA) in response to the advanced notice of proposed rulemaking for **heat injury and illness prevention in outdoor and indoor work settings**. EEI's comments stressed the need for additional research by OSHA to ensure a science-based rule that employers could reasonably implement.

**EEI**  
**ENERGY TALK**

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Get the news you need on  
critical policy issues and  
electric power trends  
electronically from EEI.

**Contact Charles Van Someren**  
at [cvansomeren@eei.org](mailto:cvansomeren@eei.org)

# SAVE

# THE

# DATE



Mark your calendar for the following 2022 EEI meetings.

---

September

**6-8**

### **Board & Chief Executive Meetings**

The Broadmoor  
Colorado Springs, CO

October

**9-12**

### **Fall 2022 Transmission, Distribution, Metering & Mutual Assistance Conference**

Hyatt Regency Bellevue  
Bellevue, WA

October

**23-26**

### **Fall National Key Accounts Workshop**

JW Marriott Indianapolis  
Indianapolis, IN

November

**13-15**

### **Financial Conference**

Diplomat Beach Resort  
Hollywood, FL

Visit [www.eei.org](http://www.eei.org) for more information on meeting details and sponsorship opportunities.

The **Edison Electric Institute** (EEI) is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for more than 235 million Americans, and operate in all 50 states and the District of Columbia. As a whole, the electric power industry supports more than 7 million jobs in communities across the United States. In addition to our U.S. members, EEI has more than 65 international electric companies with operations in more than 90 countries, as International Members, and hundreds of industry suppliers and related organizations as Associate Members.

Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.

For more information, visit our Web site at [www.eei.org](http://www.eei.org).



**Edison Electric Institute**  
701 Pennsylvania Avenue, NW  
Washington, DC 20004-2696  
202-508-5000 | [www.eei.org](http://www.eei.org)



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Edison Electric Institute

# TRANSMISSION OWNERS SPAR WITH CONSUMER ADVOCATES OVER FERC BID TO PULL RTO ADDER

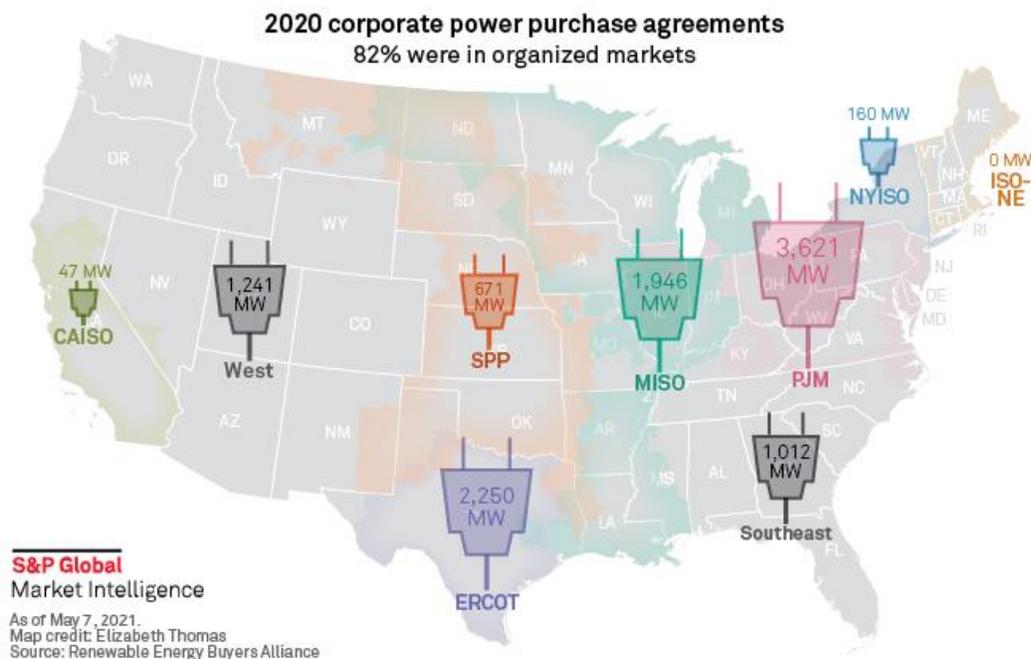
By Zack Hale  
S&P Global  
June 30, 2021

A Federal Energy Regulatory Commission proposal to eliminate a 50-basis point rate incentive for utilities that joined regional transmission organizations has drawn fierce pushback from investor-owned utilities and pro-transmission nonprofits.

But public power trade groups, state regulators and consumer advocates argued that the supplemental proposal, unveiled in April as part of a broader effort to revamp FERC's transmission incentives policies, strikes an appropriate balance in shielding customers from an estimated \$400 million in annual costs.

At issue is a March 2020 proposed rule (RM20-10) that would have doubled FERC's existing 50-basis-point adder for RTO participation to 100 basis points. In issuing that proposal, FERC cited total annual benefits for customers in the PJM Interconnection, Midcontinent ISO and the Southwest Power Pool of approximately \$10 billion.

Encouraged by FERC and formed in the late 1990s and early 2000s, RTOs and independent system operators generate billions of dollars in annual savings for consumers by coordinating least-cost generator dispatch and regional transmission planning. Approximately two-thirds of Americans are now served by utilities that participate in RTOs or ISOs, while much of the U.S. West and Southeast remains outside organized wholesale power markets.



Chairman Richard Glick penned a partial dissent to the March 2020 proposal as a commissioner in the minority, however, arguing that the agency's existing RTO adder should be "tailored" to entice transmission owners yet to join a FERC-jurisdictional grid operator.

Such an approach would fulfill Section 219(c) of the Federal Power Act's requirement that FERC use rate incentives to encourage transmission owners to join RTOs while also respecting Section 219(d) of the statute's mandate to ensure that rates remain just and reasonable, Glick said.

In line with comments filed by consumer advocates, a divided FERC issued a supplemental proposal in April that would eliminate the RTO adder for utilities that have already joined a regional grid operator after three years. The supplemental proposal included two separate dissents by Commissioners Neil Chatterjee and James Danly as well as a concurring statement by Commissioner Mark Christie, with initial comments due June 25.

### **Legal considerations**

Parties were largely split on whether FERC's proposed action reflects an appropriate interpretation of Section 219(c), a provision of the Federal Power Act dating back to 2005.

The Edison Electric Institute, the nation's investor-owned utility trade group, argued that a proposal to effectively eliminate the adder for most current RTO members "is inconsistent with the text, structure, and purpose of" Section 219.

"While the commission can calibrate the appropriate incentive, Section 219 does not give the commission authority to eliminate the incentive or limit the length of time the incentive is provided," EEI asserted. "Nor does it permit the commission to effectively eliminate such incentive by otherwise restricting its availability."

EEI's comments included an affidavit by former U.S. Rep. Joe Barton, a member of the U.S. House-Senate conference committee for the Energy Policy Act of 2005, which included the Section 219 revisions.

"Consistent with my instructions to conference committee staff around ambiguity, if the committee had intended that the incentive to a utility that joins a transmission organization was meant to be a one-time payment or one-time deal, I would have instructed conference committee staff to make that clear in the language of the statute," the Texas Republican said.

However, the American Public Power Association contended that the language of Section 219(c) is unambiguously aimed at incentivizing utilities to "join" transmission organizations.

"If Congress had wished to mandate incentives for utilities to 'participate' or 'remain' in a transmission organization, it could easily have said so," the trade group said. APPA also argued that incentive rates are meant to induce future behavior and, therefore, FERC "cannot provide an 'incentive' for a utility to perform an action it has already undertaken."

### **'Economic rent'**

Turning to other considerations, a coalition of MISO generation and transmission cooperatives noted that most of the largest transmission operators that joined the 15-state transmission organization did so well before they eventually began receiving the rate incentive in 2015.

"Because the transmission organization incentive played little, if any, role in the decisions of most MISO transmission owners to join or remain members in MISO, it is unclear what behavior the transmission organization incentive has incentivized over the past 15 years," the group said.

The Organization of PJM States, an intergovernmental coalition of utility regulatory agencies, also pointed to an "explosion" in recent years of supplemental grid reliability projects shielded from FERC's competitive bidding rules for RTOs and ISOs.

"There may be significant value to RTO participation today, but states and consumers deserve all of the value of RTO participation — something they have yet to receive on the issue of transmission," the organization said. "Continuing to pay transmission owners more for something they must do absent RTO participation amounts to nothing more than economic rent."

A coalition of consumer advocates and landowner groups also highlighted excerpts from recent earnings calls with FirstEnergy Corp. and Ameren Corp. executives who estimated that losing the 50-basis-point adder would likely shave between 4 and 5 cents off their respective share prices.

"For utilities, the loss of the RTO participation adder is all about earnings and share dividends," the coalition argued. "It's not about encouraging more regional planning, providing consumer benefits, or compensation for utility financial hardship related to RTO membership."

#### **'Time-critical and especially needed'**

But WIRES Group, a nonprofit association of investor-owned, publicly owned and cooperatively owned transmission providers, disagreed on that point.

FERC has tasked the RTOs and ISOs it oversees, as well as their members, with implementing sweeping rules on transmission planning, energy storage and aggregations of distributed energy resources, among others, WIRES noted.

The commission's supplemental proposal "does not appear to take into account the full measure of burdens and risks borne by RTO members or the benefits, both quantitative and qualitative, provided by existing RTOs to consumers," WIRES said.

MISO and SPP also filed joint comments citing a need for regulatory certainty as developers in their footprints seek the capital investments in transmission needed to accommodate a growing number of renewable energy resources.

"For MISO and SPP, these capital investments are time-critical and especially needed to further interconnect renewable energy sources and diversify our nation's power supply, while also working to maintain wholesale grid reliability," the grid operators said.

And the Renewable Energy Buyers Alliance, a group whose members include Amazon.com Inc., Walmart Inc. and McDonald's Corp., cited a June 2 letter from a bipartisan group of nine former FERC chairs and commissioners urging the agency "to use the broad authorities and tools available under the Federal Power Act to move toward well-structured organized power markets in all regions of the country."

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# **TRANSMISSION ORGANIZATION ADDER IS 'MORE APPROPRIATE NOW THAN EVER,' EEI SAYS**

By Zack Hale  
S&P Global  
June 15, 2021

Investor-owned utilities and a major labor union are voicing concerns to U.S. lawmakers about a Federal Energy Regulatory Commission proposal to effectively eliminate financial incentives for utilities that join regional transmission organizations.

FERC's 50-basis RTO adder dates back to the Energy Policy Act of 2005, which directed the commission to provide incentives to utilities that place their facilities under the control of regional grid operators.

Regional transmission organizations and independent system operators save consumers billions of dollars annually by managing least-cost generator dispatch. They also coordinate the planning of electric transmission infrastructure needed to accommodate a growing amount of variable renewable energy.

In an effort to spur more transmission investment, FERC in March 2020 issued a notice of proposed rulemaking (RM20-10) to increase its RTO adder to 100 basis points. That proposal drew a partial dissent from then-Commissioner Richard Glick, however, who argued the administrative record failed to show that the existing incentive was dissuading utilities from leaving RTOs after joining.

As chairman, Glick issued a supplemental proposal in April to eliminate the RTO adder after three years, a move estimated to save consumers approximately \$350 million annually. Glick has subsequently stood by the proposal despite concerns from industry stakeholders that it could chill transmission investment at a crucial point in the nation's clean energy transition.

The Edison Electric Institute, WIRES Group and the International Brotherhood of Electrical Workers reiterated that concern in a June 11 letter to lawmakers on the U.S. Senate Committee on Energy and Natural Resources and the U.S. House Committee on Energy and Commerce.

"Due to the risks associated with RTO/ISO membership, the ROE adder is more appropriate now than ever," the groups argued.

Those risks include giving RTOs and ISOs operational control of transmission facilities, the complexity of electricity markets, states' preferences for certain clean energy technologies, member default costs, "and the elaborate and often contentious RTO/ISO stakeholder process, among other issues," they said.

"Moving forward, RTOs and ISOs are positioned to provide an efficient platform for regional transmission planning and collaboration as well as clean energy integration while ensuring resilience," the June 11 letter said. "Now is not the time to back away from long-standing support

for electric company participation in these organizations."

Initial comments on FERC's supplemental proposal are due June 25.

#

# 2022 Lobbying, Advocacy, and Other Expenditures

February 2022

**T**he Edison Electric Institute (EEl) is the trade association that represents all U.S. investor-owned electric companies. EEl's member companies provide electricity for more than 220 million Americans and operate in all 50 states and the District of Columbia.

EEl's member companies are woven tightly into the fabric of our nation. For nearly 140 years, they have provided the energy that has sustained our customers and our communities, while powering our nation's economy. Today, the electric power industry supports more than 7 million jobs in communities across the United States and contributes at least 5 percent annually to our nation's GDP.

In addition to our U.S. members, EEl has more than 65 electric companies with operations in more than 90 countries as international members, and hundreds of industry suppliers and related organizations as associate members. Organized in 1933, EEl provides public policy leadership, strategic business intelligence, and essential conferences and forums.

## **#Committed2Clean<sup>®</sup>**

Across the country, EEl's member companies are leading the clean energy transformation and are working every day to get the energy we provide as clean as we can as fast as we can, without compromising the reliability and affordability that our customers and communities value. We know we are well-positioned to be a major part of the climate solution—and we want to be part of the solution.

Many factors are driving our industry's clean energy transformation, including declining costs for renewable energy resources, technological improvements, changing customer expectations, federal and state regulations and policies, and the increasing use of distributed energy resources.

Today, carbon emissions from the U.S. electric power sector are at their lowest level in nearly 40 years. Equally important, 40 percent of our nation's electricity now comes from clean, carbon-free sources, including nuclear energy, hydropower, wind, and solar energy. Almost 50 EEl member companies already have committed to reach zero or net-zero carbon emissions by 2050 or earlier.

To create a cleaner economy, we will need a cleaner transportation sector. EEl's member companies are investing more than \$3.4 billion to help build and to deploy electric vehicle charging infrastructure and to accelerate electric transportation programs, with more than \$1 billion of additional investment pending.

## Our Federal and State Policy Activities

EEl's member companies are among the most regulated companies in the country, and EEl engages on their behalf with federal and state legislators, regulators, and other policymakers through lobbying, advocacy, and regulatory proceedings, with the goal of providing customers affordable, reliable, and resilient clean energy.

EEl also engages with a range of other industry stakeholders on issues related to grid reliability; cyber and physical security; mutual assistance and disaster response; finance and tax matters; and programs, services, and solutions for electricity customers.

## EEl's Core Budget

EEl's core budget is funded through member dues. EEl's Board of Directors approves EEl's budget annually, including any increase in dues and proposed expected expenditures. In general, the dues a company pays is a function of its average number of customers, total revenues attributed to its electric operations, and owned generating capacity. For transmission-only members, dues reflect total revenues attributed to electric operations and transmission and distribution year-end assets that are either wholly or jointly owned.

Total dues revenue for 2022 is anticipated to be \$58.9 million; non-dues revenue, from meetings, publications, and international and associate memberships, is expected to be \$13.1 million.

EEl's core budget is devoted to business and policy issues that support our member companies in providing affordable, reliable, and resilient clean energy to the customers and communities they serve. The budget includes employee salaries and benefits; general office expenses and overhead; and programs and activities.

EEl's Board of Directors approved core budget expenditures by issue area for 2022 as follows.

Business and Policy Issues	Core 2022 Expense Budget <i>(in millions of \$s)</i>
Clean Energy	15.4
Grid Security & Reliability	11.4
Grid Investment & Modernization	9.4
Customer Programs & Assistance	7.8
Finance & Taxes	7.4
Member Services	3.9
Human Resources/Diversity, Equity & Inclusion & Workforce Development	3.6
<b>Total</b>	<b>58.9</b>

The approved core budget expenditures by department for 2022 are noted below.

<b>Department</b>	<b>Core 2022 Expense Budget</b> <i>(in millions of \$s)</i>
Clean Energy & Environment	4.0
Communications	7.5
Customer Solutions	4.6
Energy Supply & Finance	7.9
General Counsel's Office	4.5
Government Relations	3.5
Human Resources	1.5
Member Engagement	3.3
Political & External Affairs	6.5
Security, Preparedness & Reliability	9.2
State & Federal Regulatory Affairs	6.4
<b>Total</b>	<b>58.9</b>

## Lobbying Expenditures and Disclosure

EEL reports its lobbying expenses to Congress as required by federal law via the quarterly filing of Lobbying Disclosure Reports. EEL uses the definitions provided by both the Lobbying Disclosure Act and the Internal Revenue Code (IRC) section 162(e) to identify lobbying expenses. This includes both federal lobbying and state-level lobbying and grassroots advocacy.

Following are links to EEL's lobbying disclosure reports for 2021:

- [Quarter 1](#)
- [Quarter 2](#)
- [Quarter 3](#)
- [Quarter 4](#)

EEL estimates the amount of member dues that likely will be spent on lobbying each year and provides that percentage to members as part of their annual dues invoice. EEL provides an actual percentage at the end of the year after all reports have been filed.

In 2021, 14.3% of EEL dues was used for lobbying activities. For 2022, we estimate that the amount will be 13%.

In addition, EEI runs the Political Action Committee (PAC) known as PowerPAC. PowerPAC is funded by contributions made by EEI member companies, member company executives and other employees, and eligible EEI employees. EEI matches employees' PowerPAC contributions, directed to the charity of the employee's choice. In 2021, the PowerPAC match was approximately \$80,000 and came from EEI's core budget.

PowerPAC reports its activities to the Federal Election Commission (FEC) every month as required by law. These reports can be found on the [FEC website](#).

## Contributions

EEI makes contributions to various political and charitable groups, including IRC section 501(c)(4) and section 527 organizations. These amounts are included in the amounts EEI reports to members as lobbying expenses. The 2021 contributions to these groups totaled \$585,500. A similar contributions budget is expected for 2022.

A complete list of the groups to which EEI makes contributions that are greater than \$5,000 is reported each year on the Form 990, Return of Organization Exempt From Income Tax, filed with the Internal Revenue Service.

EEI's 2021 Form 990 will be filed in November 2022. The 2020 Form 990 can be found [here](#).

Organizations to which EEI contributed more than \$5,000 in 2020:

- African American Mayors Association
- All Hazards Consortium
- Alliance to Save Energy
- Alzheimer's Association
- American Association of Blacks in Energy
- American Benefits Council
- American Council for Capital Formation – Center for Policy Research
- American Legislative Exchange Council
- American Society of Association Executives
- American Working Families
- Americans for Tax Reform
- Board of Hispanic Caucus Chairs
- Carbon Utilization Research Council
- Center for Energy Workforce Development
- Citizens Against Government Waste
- Citizens for Responsible Energy Solutions
- Congressional Black Caucus
- Congressional Hispanic Caucus Institute
- Congressional Institute
- Consumer Energy Alliance
- Curators of the University of Missouri
- Democratic Attorneys General Association
- Democratic Governors' Association
- Democratic Legislative Campaign Committee
- Diabetes Research Institute Foundation
- Electric Drive Transportation Association
- Floodplain Alliance for Insurance Reform
- Foundation for Public Affairs
- Friends of Spencer Cox
- J Street Cup
- Massachusetts Institute of Technology
- Mid-America Regulatory Conference
- National Association of Manufacturers
- National Association of Regulatory Utility Commissioners
- National Association of State Energy Officials
- National Black Caucus of State Legislators

*(continued)*

(Contributions, continued)

- National Capital Area Council Boy Scouts of America
- National Conference of State Legislatures
- National Endangered Species Act Reform Coalition
- National Energy & Utility Affordability Coalition
- National Energy Resources Organization
- National Foundation for Women Legislators
- National Governors Association
- National Hispanic Caucus of State Legislators
- National League of Cities
- National Multiple Sclerosis Society
- National Organization of Black Elected Legislative Women
- National Urban League, Inc.
- NCSL Foundation for State Legislatures
- North American Energy Standards Board
- Northwestern University
- One Nation, Inc.
- Prevent Cancer Foundation
- Republican Attorneys General Association
- Republican Governors Association
- Republican State Leadership Committee
- Roosevelt Institute
- Senate Presidents' Forum
- So Others Might Eat
- Southern States Energy Board
- State Government Leadership Foundation
- Taxpayers Protection Alliance
- The Artists and Athletes Alliance
- The Aspen Institute
- The Council of State Governments
- The Keystone Center
- The Latino Coalition
- The National Labor and Management Public Affairs Committee
- The Third Way Foundation, Inc.
- The U.S. Conference of Mayors
- U.S. Capitol Historical Society
- U.S. Chamber of Commerce
- Unites States Hispanic Chamber of Commerce
- Washington Tennis & Education Foundation
- Western Governors' Association
- Women's Energy Summit

## Separately Funded Activities

Some EEI member companies choose to pay for separate activities and programs that fall outside of the core EEI budget. EEI runs these programs for the benefit of these members. These activities and their expected budgets for 2022 are noted below.

For a fee, members and other electric companies can access a range of employment tests that are validated specifically for job functions within the electric industry, including power plant operators, maintenance and craft positions, power dispatching positions, and customer service representatives, among others. Fees are based on the size of the company, with a maximum annual fee of \$7,500. None of these funds are used for lobbying or advocacy. More information about the Employment Testing Consortium can be found [here](#).

In addition, most EEI members contribute to the Restoration, Operations, and Crisis Management Program (Restore Power), which focuses on improvements to industry-wide responses to major outages; continuity of industry and business operations; and EEI's all hazards (storms, wildfires, cyber, etc.) support and coordination of the industry during times of crises. Contributions to Restore Power depend on the number

of customers a member has, with a maximum contribution of \$15,000 annually. None of these funds are used for lobbying or advocacy.

In 2006, federal energy regulators approved the Spare Transformer Equipment Program (STEP), an electric industry program that strengthens the sector’s ability to restore the nation’s transmission system more quickly in the event of a terrorist attack. STEP represents a coordinated approach to increasing the industry’s inventory of spare transformers and streamlining the process of transferring those transformers to affected companies in the event of a transmission outage caused by a terrorist attack. To participate in STEP, members make an annual voluntary contribution of not more than \$7,500. None of these funds are used for lobbying or advocacy. More information about STEP can be found [here](#).

Activity	Budget (\$s)
Employment Testing Consortium	2,487,000
Restoration, Operations & Crisis Management (Restore Power)	589,000
Spare Transformer Equipment Program	351,000

## Emerging Issues

Many EEI member companies choose to make an additional annual contribution of 10% of their dues to an emerging issues fund. This fund, controlled by EEI’s President, is designed to allow EEI to respond to issues that were not expected and could not be planned for during the normal budgeting process. In addition, these funds are used to pay political consultants, litigation expenses, and engagement in state legislation and policy matters.

The 2022 emerging issues budget is \$5.5 million.

Some of these funds also are used for any advertising that EEI does, particularly social media ads designed to educate the public about power restoration events; public and media relations; and public opinion polling. In 2021, \$607,000 was spent on advertising, including social media ads designed to educate the public about power restoration events; \$634,000 was spent on public and media relations. For 2022, these expenses are expected to be similar.

EEI estimates the amount of funds in the emerging issues budget that likely will be spent on lobbying each year and provides that percentage to members as part of their annual dues invoice. EEI provides an actual percentage at the end of the year.

In 2021, 27.3% of these funds were used on lobbying activities. For 2022, EEI estimates that this amount will be similar.

## Separately Controlled Groups

EEI provides accounting and other services to three unincorporated, issue-specific groups. These groups are the Avian Power Line Interaction Committee, Energy Wildlife Action Coalition, and the Utility Solid Waste Activities Group.

These groups send separate invoices to their members. These amounts are not included in EEI dues. In addition, the Executive Directors of two of these groups are EEI employees for purposes of payroll and benefits. EEI is a member of these groups and pays them dues. These dues come from the emerging issues fund.

EEI’s relationship to these groups is governed by separate Memoranda of Understanding (MOU), which explicitly state that EEI does not control these groups, their policy engagement, or any expenditures. These MOU require these groups, as appropriate, to compensate EEI for any office support provided, including overhead. Because these groups are not incorporated, EEI reports the dues these groups receive, and that EEI holds, on our 990 as if they are our own and includes any lobbying done by their Executive Directors in our lobbying disclosure reports.

These groups and their 2022 budgets are noted below, along with EEI’s membership dues. EEI excludes these dues from amounts reported to member companies that may be recoverable from their customers.

Group	2022 Budget (\$s)	EEI 2022 Dues (\$s)
<a href="#">Avian Power Line Interaction Committee (APLIC)</a>	193,000	2,500
<a href="#">Energy Wildlife Action Coalition (EWAC)</a>	1.1 million	38,000
<a href="#">Utility Solid Waste Activities Group (USWAG)</a>	4.1 million	41,000
<a href="#">Utility Water Act Group (UWAG)*</a>	N/A	131,000

*\*EEI does not provide accounting or other financial services to UWAG. EEI is a member of UWAG and pays annual dues.*

## Charitable Organizations and Foundations

EEI has two associated IRC section 501(c)(3) organizations: The Center for Energy Workforce Development (CEWD) and the Institute for Electric Innovation/Edison Foundation. EEI pays dues of \$105,000 to CEWD annually. These funds are from the core budget. EEI does not make any contributions to the Edison Foundation.

In 2022, EEI anticipates providing \$337,000 of in-kind support to CEWD in the form of administrative, accounting, and legal support services. EEI does not provide any in-kind support to the Foundation.

EEI member companies can choose to support these organizations via separate voluntary contributions.

To learn more about these groups, visit:

[The Center for Energy Workforce Development](#)

[The Institute for Electric Innovation/The Edison Foundation](#)

## About EEI

The **Edison Electric Institute** (EEI) is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for more than 220 million Americans, and operate in all 50 states and the District of Columbia. As a whole, the electric power industry supports more than 7 million jobs in communities across the United States. In addition to our U.S. members, EEI has more than 65 international electric companies with operations in more than 90 countries, as International Members, and hundreds of industry suppliers and related organizations as Associate Members.

Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.

For more information, visit our Web site at [www.eei.org](http://www.eei.org).

## Contact

### Emily Sanford Fisher

General Counsel,  
Corporate Secretary, and  
Senior Vice President,  
Clean Energy

[efisher@eei.org](mailto:efisher@eei.org)  
202-508-5616

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**Edison Electric Institute**  
701 Pennsylvania Avenue, NW  
Washington, DC 20004-2696  
202-508-5000 | [www.eei.org](http://www.eei.org)



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