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Issues: Infrastructure Under-utilization
Witness: Jane Lohraff
Sponsoring Party: Missouri Department of Economic
Development - Division of Energy
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Case No: ER-2014-0258

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MISSOURI PUBLIC SERVICE COMMISSION

UNION ELECTRIC COMPANY

d/b/a

AMEREN MISSOURI

CASE NO. ER-2014-0258

REBUTTAL TESTIMONY

OF

JANE LOHRAFF

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF ENERGY

Jefferson City, Missouri
January 15, 2015

(Rate Design)

DOE Exhibit No. 703
Date 2-23-15 Reporter XF
File No. ER-2014-0258

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

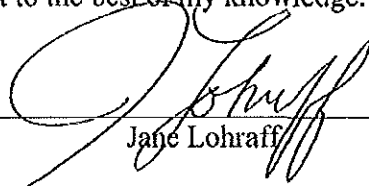
In the Matter of Union Electric Company d/b/a Ameren)
Missouri's Tariffs to Increase Its Revenues for)
Electric Service) ER-2014-0258

AFFIDAVIT OF JANE LOHRAFF

STATE OF MISSOURI)
)
COUNTY OF COLE) **ss**

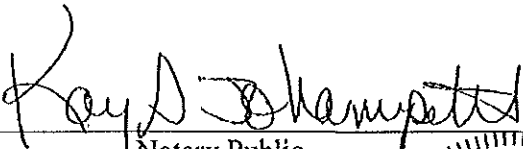
Jane Lohraff, of lawful age, being duly sworn on her oath, deposes and states:

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



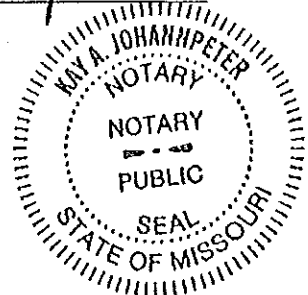
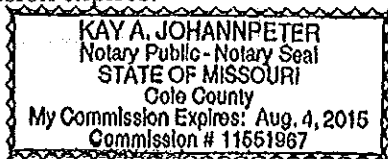
Jane Lohraff

Subscribed and sworn to before me this 15th day of January, 2015.



Notary Public

My commission expires: _____



1 | **I. INTRODUCTION**

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

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

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

6 | A. Yes, on December 19, 2014.

7 | **Q. Do you have any updates or revisions to make regarding your December 18, 2014**
8 | **direct testimony?**

9 | A. Yes, I would like to reflect the revised statutory reference made on page 13 line 4 to
10 | replace Section 393.1124.14 with Section 393.1075.14.

11 | **Q. On whose behalf are you testifying?**

12 | A. I am testifying on behalf of the Missouri Department of Economic Development,
13 | Division of Energy (DE).

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

15 | A. I reviewed the direct testimony of Geoff Marke, filed on behalf of the Office of Public
16 | Counsel (OPC), direct and supplemental direct testimony of William R. Davis, filed on
17 | behalf of Union Electric Company (Ameren), and relevant portions of the Public Service
18 | Commission Staff (Staff) Rate Design and Class Cost of Service Report.

19 | **II. PURPOSE AND SUMMARY OF TESTIMONY**

20 | **Q. What is the purpose of your testimony?**

21 | A. The purpose of my testimony is to respond to the parties' positions in this case regarding
22 | rate design mechanisms to promote stability or growth of customer levels in geographic
23 | locations where there is under-utilization of existing infrastructure.

1 **Q. Please summarize your testimony**

2 A. Including Missouri Energy Efficiency Investment Act (MEEIA) participation as an
3 eligibility requirement for existing and future economic development riders is
4 complementary with the idea of developing rate design mechanisms to promote stability
5 or growth of customer levels in geographic locations where there is under-utilization of
6 existing infrastructure.

7 **Q. Do you agree with Office of Public Counsel's comment to be mindful of the potential
8 conflicting policy direction inherent in a rate design mechanism charged with
9 promoting energy usage while another policy is in place attempting to curb energy
10 demand?**

11 A. Yes, which is why any rate design mechanism developed to promote stability or growth
12 of customer levels in geographic locations where there is under-utilization of existing
13 infrastructure should be tied to MEEIA participation. The focus of the effort should be
14 on the growth of new, efficient customers or load, not simply increased energy usage.

15 **Q. Do you agree with Ameren's position that its Economic Re-Development Rider
16 (ERR) can promote stability or growth of customer levels in geographic locations
17 where there is under-utilization of existing infrastructure?**

18 A. Yes, with respect to the limited geographic area for which it is available.

19 **Q. Would DE support a similar mechanism as the ERR being implemented on a pilot
20 basis to Ameren's entire service area?**

21 A. Yes. Doing so could promote job growth and associated growth in the number of
22 customers in geographic locations throughout Ameren's service area where there is

1 under-utilization of existing infrastructure. However, it would be beneficial for Ameren
2 to implement measures to increase public awareness of the mechanisms. In the next rate
3 case Ameren should provide testimony which addresses the effectiveness of the program
4 including analysis of the effectiveness of the level of the discount offered in promoting
5 participation of qualified customers.

6 **Q. Staff suggests that a separate working docket be established to allow for a**
7 **collaborative process with the purpose of reviewing and identifying areas where**
8 **facilities are under-utilized. Do you agree that such a process is necessary?**

9 A. A separate working group process would not be needed to expand the current geographic
10 availability of a mechanism similar to Ameren's ERR.

11 **Q. Do you think that the customer class and load characteristic eligibility criteria in the**
12 **current ERR are appropriate criteria for any service area wide rate mechanism?**

13 A. Yes. Ameren's ERR limits participation to Large General Service or Primary customers
14 and is designed to attract new or expanding commercial or industrial customers. The
15 ERR requires a minimum peak load, which works to ensure that customers receiving an
16 ERR discount have a significant impact on system utilization.

17 **Q. Does the existing ERR criteria address utilization of existing infrastructure?**

18 A. Yes. Based on Ameren's assessment, serving the ERR customer must have a beneficial
19 impact on the local electric service delivery system. This allows for situations in which
20 there is under-utilization of the system.

21 **Q. Does the existing ERR criteria also address economic development?**

1 A. Yes. The ERR is only available in conjunction with receipt of other economic
2 development incentives offered by federal, state, regional or local economic initiatives.
3 This requirement works to ensure that ratepayers and communities are anticipated to
4 benefit from job creation and economic growth.

5 **Q. OPC's testified that an economic development rate design mechanism should be**
6 **applicable to customers whose presence or absence would materially impact revenue**
7 **generation from the customer's class. Moreover, any rate incentive should be**
8 **temporal in nature, decreasing over time, and only be available in conjunction with**
9 **local, regional, or state governmental economic development activities where public**
10 **support has been offered and accepted by the customer to locate new facilities,**
11 **expand existing facilities, or retain existing facilities in the geographic location. Are**
12 **these criteria met by Ameren's ERR?**

13 A. Generally yes, OPC's recommendations are met in the existing Ameren ERR. Ameren's
14 existing ERR applies to Large Primary, Large General, and Small Primary Service
15 classes, which targets those classes with the most potential to have a material impact on
16 revenue generation. Ameren's ERR, which offers a discount on utility rates for up to five
17 years, is temporal in nature. Ameren's ERR requires the customer to have accepted local,
18 regional, or state economic development incentives. The Ameren ERR does not,
19 however, have a decreasing rate structure over time. I do not necessarily view this as a
20 problem. Offering a 15% per year reduction on utility rates could encourage utilization
21 by qualifying customers.

1 **Q.** In direct testimony, you recommended that MEEIA participation should be an
2 **eligibility requirement of Ameren's EDR and ERR. If the Commission approves the**
3 **use of a mechanism to address under-utilization of existing infrastructure where it**
4 **exists in Ameren's service area, should MEEIA participation be required as an**
5 **eligibility requirement?**

6 **A.** Yes. Such a requirement would work to:

- 7 • Ameliorate potential conflict in policy direction with regard to promoting energy
8 usage while curbing energy demand.
- 9 • Utilize existing technology and energy efficiency programs to produce the lowest
10 levelized cost of energy possible for the customer. Ameren's MEEIA program offers
11 both prescribed and custom programs that will allow flexibility in meeting the needs
12 of these large customers.
- 13 • Reduce energy use through demand side management which in turn lowers emissions,
14 furthers the energy policy goals of the State, and better positions utilities to meet
15 federal Clean Air Act and perhaps future Clean Power Plan requirements.
- 16 • Benefit Ameren's other customers by better spreading program costs and reducing
17 peak load.

18 **IV. CONCLUSION**

19 **Q.** Please state your observations and recommendation?

20 **A.** Ameren's ERR could be used as a template to promote stability or growth of customer
21 levels in geographic locations where there is under-utilization of existing infrastructure.
22 DE would support the creation of a similar mechanism to be available throughout

1 Ameren's service area. The Division of Energy recommends including MEEIA
2 participation as a requirement of any mechanisms created to address under-utilization of
3 existing infrastructure to ensure that energy growth is aligned with energy efficiency.

4 **Q. Does this conclude your rebuttal testimony?**

5 **A.** Yes, it does. Thank you.
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