

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

In the Matter of the Application                    )  
of Union Electric Company d/b/a                )  
Ameren Missouri for Approval of                )  
Efficient Electrification Program                )        File No. ET-2018-0132

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**RENEW MISSOURI'S INITIAL BRIEF**

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tariffs.”<sup>3</sup> At the hearing, the issues presented to the Commission centered on whether the Charge Ahead programs should be approved. These programs will serve the public interest because they further encourage renewable development, benefit customers, and reduce net emissions.<sup>4</sup> For these reasons, the Charge Ahead programs promote efficient use of Ameren Missouri’s system and serve the public interest. Therefore, the Commission should exercise its authority to issue an order approving the programs as proposed.

### **Issues**

*Issue 1: Should the Commission approve, reject, or modify Ameren Missouri’s Charge Ahead – Electric Vehicle Program?*

3. Under the Charge Ahead – Electric Vehicles Program, the Company would offer incentives to developers to install, own, and operate electric vehicle charging stations in the Company’s service territory, including along highway corridors across the state. Most parties would agree that developing this infrastructure is a good thing. The two parties most adverse to this application, the Commission’s Staff (“Staff”) and OPC, oppose the program but still express general support for encouraging EV charging infrastructure development. Staff proposes a workshop to address its concerns regarding incentives and program design in order to maximize public policy benefits.<sup>5</sup> OPC proposes the addition of a performance-based recovery mechanism outlined in the testimony of Dr. Marke.<sup>6</sup>

4. The Commission should approve Ameren Missouri’s Charge Ahead – Electric Vehicle Program without modification to promote and accelerate the adoption of Electric Vehicles.<sup>7</sup> Increasing the number of EVs will further encourage renewable development that will be driven

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<sup>3</sup> Doc. No. 43, *Order Denying Motion to Dismiss and Denying Motion to Reject*, p. 3.

<sup>4</sup> Owen Rebuttal, pp. 4-6.

<sup>5</sup> Doc. No. 91, Staff Position Statements, p. 1.

<sup>6</sup> Doc. No. 90, Position Statement of the Office of the Public Counsel, p. 1.

<sup>7</sup> Ex. 6, p. 3.

by the economics of renewable generation, customer preferences, and statutory requirements.<sup>8</sup> Despite protests raised by certain parties in this case, it is clear that regulated utilities have a role to play in developing EV charging infrastructure, whether it be through direct ownership, rate design, or incentives. Ameren Missouri's proposal will ultimately offer benefits to participants, non-participating customers, the company, and the environment.<sup>9</sup> These outcomes are good for the public and the Commission should encourage policies that accelerate those benefits.

5. The Commission should issue an order approving Ameren Missouri's Charge Ahead - Electric Vehicle Program, grant the requested variance, and grant the accounting authority to defer the program costs.

*Issues 1.a and 1.b: Has Ameren Missouri provided sufficient evidence that there is a need for the program? Has Ameren Missouri provided sufficient evidence that the program is cost effective?*

6. The relief requested by Ameren Missouri does not require finding that there is a need for the program or that the program is cost-effective. However, Ameren Missouri has demonstrated that the programs do meet customer needs and will result in significant benefits, including:

- more efficient utilization of the electric grid that can result in lower electric rates for all customers by spreading the fixed costs of the system over more usage;
- Reduced total energy use and costs across fuels for participating customers to achieve the same level of end use service;
- Reduced emissions resulting in local and broader air quality and environmental improvements;
- Lower operations and maintenance expenses for customers adopting electric technologies;

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<sup>8</sup> Ex. 400, pp. 4-6.

<sup>9</sup> Ex. 6, p. 71.

- Increased consumer choice and greater practical access to an increasingly robust suite of innovative product offerings; and
- Improved safety and productivity in workplaces.<sup>10</sup>

7. At the hearing, Ameren Missouri presented evidence this program meets at least two customer needs. First, this program will serve a new and growing need of its customers. Tom Byrne testified that the increasing level of Electric Vehicles, much like when air conditioners became common, requires the company to develop infrastructure to serve the needs of customers.<sup>11</sup> This Charge Ahead program will help the company develop charging infrastructure to meet this new need of its customers.<sup>12</sup>

8. Second, some parties point to the VW settlement funds and the Missouri EV Collaborative in an attempt to show there is no need for Ameren Missouri to offer these programs. That is not the case. Mr. Wills testified that the VW settlement funds are insufficient to complete the state-wide charging network.<sup>13</sup> This shortfall indicates that additional support from utilities is necessary to promote EV adoption and provide necessary infrastructure. To meet the goals of the EV collaborative, these VW settlement dollars should be met with consistent and structured policy from the Commission. One way is through the EV charging station ownership model utilized by Kansas City Power & Light.<sup>14</sup> Another way, as proposed here by Ameren Missouri, offers a different model where free market competitors own and operate the charging stations.<sup>15</sup> This incentive model has been proposed and adopted in several states and leads to the “fastest

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<sup>10</sup> Ex. 7, p. 5.

<sup>11</sup> Tr. Vol. 2, p. 111.

<sup>12</sup> Id.

<sup>13</sup> Tr. Vol 2, pp. 122-23.

<sup>14</sup> Ex. 400, p. 7.

<sup>15</sup> Ex. 1, p. 8.

deployments of charging stations, greatest competitive choice for customers, and least administrative burden to utilities and customers.”<sup>16</sup>

9. Permitting Ameren Missouri’s programs here is a way for the Commission to lead in this important policy area and encourage investment in EVs and EV infrastructure to meet a new need of its customers as well as provide significant benefits.

*Issue 1.c: If the program is approved, what is the appropriate cost recovery mechanism?*

10. The Commission should grant the accounting authority to defer the program costs for consideration in a future rate case. Regarding accounting authority, the Commission can “prescribe uniform methods of keeping accounts, records and books, to be observed by ... electrical corporations [,]”<sup>17</sup> and “prescribe by order the accounts in which particular outlays and receipts shall be entered, charged or credited.”<sup>18</sup> Here, Ameren Missouri is seeking authority to defer, or track, the costs of implementing its new program offerings going forward. The Commission has previously distinguished between accounting authority to defer past costs and authority to defer future costs. In discussing authority to defer, or track, future costs, the Commission has explained:

[t]his type of deferral accounting to defer costs which may be incurred in the future is similar to an accounting authority order that defers expenses incurred as a result of a past event, in that neither constitute ratemaking. Missouri courts have stated that the granting of an accounting authority order is not ratemaking and creates no expectation of recovery. For example, in a recent rate case, the Commission refused to allow recovery of amounts deferred under a previous accounting authority order. Like an accounting authority order, a tracker simply defers a cost for determination

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<sup>16</sup> Ex. 650, p. 14, 16.

<sup>17</sup> Section 393.140(4) RSMo.

<sup>18</sup> Section 393.140(8) RSMo.

in a future rate case where the Commission may determine whether that cost should be recovered in rates after considering all relevant factors.<sup>19</sup>

11. For these Charge Ahead programs, Ameren Missouri is not seeking to defer a past cost but is seeking to defer costs that will allow it to move forward with a new program which should then be considered in a future rate case. This kind of accounting authority is regularly approved by the Commission and is a way to encourage utilities to pursue new programs that serve the public interest. As one recent example, in Case No. ET-2018-0063, the Commission approved a Stipulation and Agreement that calls for three different instances of deferral accounting for different program elements: deferral of net energy costs to avoid double-counting in the FAC; deferral of Production Tax Credits (“PTCs”) to spread the effect of PTCs over the life of the asset, and deferrals associated with the sharing of risk between the Company and non-subscribing customers related to variances in program costs from the assumptions used to develop subscription prices.<sup>20</sup>

12. Reasonable ratemaking policies should be enacted that appropriately balance the interests of utility customers and shareholders, and approved accounting methodologies should be employed by utilities to accurately record the financial results of those policies. Here, in order to encourage EV adoption and serve the public interest, the Commission should grant Ameren Missouri the accounting authority to record and track the expenses related to the proposed Charge Ahead programs.

*Issue 1.d: If the program is approved, what conditions, if any, should be imposed by the Commission?*

13. Renew Missouri does not propose additional conditions.

*Issue 2: Should the Commission approve, reject, or modify Ameren Missouri’s Charge Ahead – Business Solutions Program?*

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<sup>19</sup> *In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service*, Report and Order, p. 53.

<sup>20</sup> Ex. 7, p. 55.

14. Under the Charge Ahead – Business Solutions Program, the Company would offer rebates to customers who buy more efficient electric equipment (e.g., an electric forklift) for use in the customers’ businesses instead of utilizing equipment powered by propane, gasoline, or diesel. For the same reasons and under the same authority listed in Renew Missouri’s position on Issue 1, the Commission should approve Ameren Missouri’s Charge Ahead – Business Solutions Program.

15. Parties opposing the Business Solutions Program have pointed out the market share of electric equipment in an attempt to show that incentives are not necessary. But the current market share alone does not mean that incentives will not have an impact. Ameren Missouri’s Mr. Pickles testified that the “market share of forklifts that are eligible for this program since 1994 ... it’s been pretty constant between 40 and 50 percent.”<sup>21</sup> From the constant market share, Mr. Pickles concluded “that’s why I believe that there is a significant opportunity to provide services to that remaining 50 percent and do it in a way that doesn’t engage too many of the people who would be doing it otherwise.”<sup>22</sup>

16. From an electrification perspective, the fact that electric forklifts and other equipment exist in the market to some degree is a good step. Ameren Missouri’s proposal is an attempt to *accelerate* that adoption in order benefit the environment and create financial benefits for shareholders and customers. If those are outcomes the Commission believes are good for the public and customers, it should encourage policies that accelerate those benefits.<sup>23</sup>

*Issue 2.a: Has Ameren Missouri provided sufficient evidence that there is a need for the program?*

17. The relief requested by Ameren Missouri does not require a finding that there is a need for the program. However, as with the Charge Ahead – Electric Vehicle program, Ameren Missouri

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<sup>21</sup> Tr. Vol. 2, p. 198.

<sup>22</sup> Id.

<sup>23</sup> Ex. 400, p. 7.

has demonstrated that customers will realize significant benefits from the electrification program. One such benefit is the complimentary relationship with renewable generation fostered by electrification. Notably, EV and electrified end-use loads are the types of loads that can be flexible in terms of when charging is performed.<sup>24</sup> This flexibility will allow for significant opportunities to incorporate and compliment low-cost, emission-free, renewable generation. For example, the electrified equipment could be used during the off-peak periods when wind generation is generally expected to be strong.<sup>25</sup> These technologies therefore go hand-in-hand with investments made by both the Company and its customers in increasing the amount of renewable resources on the system.

*Issue 2.b: Has Ameren Missouri provided sufficient evidence that the program is cost effective?*

18. The relief requested by Ameren Missouri does not require a finding that the program is cost-effective. However, Ameren Missouri has demonstrated that this program is, in fact, cost effective. The program is anticipated to increase total sales over 20 years by 596,774 MWh; peak demand by a maximum of 1.9 MW; and annual revenue by \$5.3 million.<sup>26</sup> These increased sales, in addition to reducing net emissions, result in benefits to ratepayers.<sup>27</sup> As calculated by Ameren Missouri, the ratepayer impact measure (“RIM”) test shows a benefit cost ratio of 1.81.<sup>28</sup> This means that for each dollar spent on the business solutions program, customers are expected to see a benefit of 1.81 dollars.<sup>29</sup> Therefore, this program is cost-effective for all customers.

*Issue 2.c: If the program is approved, what is the appropriate cost recovery mechanism?*

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<sup>24</sup> Ex. 7, p. 10.

<sup>25</sup> Id.

<sup>26</sup> Ex. 4, p. 19.

<sup>27</sup> Ex. 4, p. 8.

<sup>28</sup> Id.

<sup>29</sup> Ex. 4, p. 6.

19. Consistent with the discussion in *Issue 1.c* above, the Commission should grant the accounting authority to defer the program costs for consideration in a future rate case.

*Issue 2.d: If the program is approved, what conditions, if any, should be imposed by the Commission?*

20. Renew Missouri does not propose additional conditions.

*Issue 3: Should the Commission grant the variances requested by Ameren Missouri?*

21. Yes. The Commission can grant variances from its regulations relating to promotional practices<sup>30</sup> and good cause exists in this case. The electrification through the Charge Ahead program offerings will encourage renewable development driven by the economics of renewable generation, customer preferences, and statutory requirements.<sup>31</sup>

### **Conclusion**

22. The role EVs and electric equipment will play in modernizing the grid, battery development, and the future development of time-of-use pricing make EVs a natural and logical compliment to additional renewable resources.<sup>32</sup> Regulated utilities in Missouri should play a role in developing EV charging infrastructure and encouraging EV adoption just as they have done in other states. Ameren Missouri's proposal in this case is a step in that direction and should be encouraged. Therefore, Renew Missouri asks the Commission to issue an order approving Ameren's Charge Ahead - Electric Vehicle and Business Solutions programs, grant the requested variance, and grant the accounting authority to defer the program costs.

WHEREFORE, Renew Missouri submits its *Initial Brief*.

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<sup>30</sup> 4 CSR 240-14.010(2).

<sup>31</sup> Ex. 400, pp. 4-6.

<sup>32</sup> Id.

Respectfully Submitted,

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**Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 7<sup>th</sup> day of January 2019:

**/s/ Tim Opitz**

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