BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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In the Matter of Union Electric Company d/b/a Ameren Missouri for Approval of Efficient Electrification Program.

File No. ET-2021-0020

APPLICATION, REQUEST FOR VARIANCES, AND REQUEST FOR ACCOUNTING AUTHORITY

COMES NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or the "Company"), and pursuant to 20 CSR 4240-2.060 and 20 CSR 4240-14.010(2), submits this *Application, Request for Variances, and Request for Accounting Authority* ("*Application*") which would allow the Company to implement tariffs that enable an efficient electrification program pilot for certain select types of heavy equipment and defer costs associated with the program. In support of its position, Ameren Missouri states as follows:

INTRODUCTION

1. In File No. ET-2018-0132, Ameren Missouri proposed four initiatives to encourage efficient electrification in the state of Missouri. While three of those initiatives were ultimately modified and/or approved and ultimately implemented, one was denied – Business Solutions. The Business Solutions proposal would have provided incentives for measures businesses might adopt, such as forklifts, truck refrigeration units ("TRUs") and other similar equipment. However, the Commission determined that: 1) the Company has not shown it has sufficient procedures in place to determine incentives will not go to free riders; 2) the cost/benefit analyses rely heavily on the type of measures adopted, and those measures can vary significantly; and 3) the administrative costs make up a significant portion of the proposed budget.¹

¹ File No. ET-2018-0132, Report and Order issued February 6, 2019, pp. 41-42.

2. Even as it denied the proposed Business Solutions program, the Commission still

acknowledged the benefits of efficient electrification in its approval of the electric vehicle program

offering:

Financial benefits from an EV charging network accrue to both the utility and the ratepayers. *Utilities and ratepayers benefit economically from the improved utilization of fixed assets* when charging is done in off-peak times. EVs are considered to be a flexible load that can charge during periods when demand is low.

The financial benefits to the utility and to the ratepayer from an EV charging network are not merely from the additional electricity sales at the charging stations, but are also obtained through additional electric sales from charging at home and creating more efficient utilization of the electric grid. All ratepayers ultimately will receive those benefits from the spreading of fixed costs over a greater amount of usage creating rates that are lower than if there was less usage. [Emphasis added.]²

3. Because of the benefits provided through efficient electrification, Ameren Missouri

has taken the concerns expressed regarding the Business Solutions program under advisement, and has developed a new business-focused program pilot designed to address those concerns. Specifically, the measures that qualify for this proposed pilot are limited both in number and in market saturation. This means that the Commission's first two concerns – free ridership and uncertainty in the cost/benefit analysis – are minimized. Additionally, the administrative costs anticipated by the budget have been limited to 25%. Terms of the pilot program, and other information in support of this *Application*, are discussed in more detail in the testimonies of witnesses Patrick E. Justis and Steven M. Wills, filed contemporaneously with this *Application*. The witnesses' testimony addresses the following general topics:

Patrick E. JustisBenefits of efficient electrification (environmental and societal)Promotion of efficient electrification technologiesLearning opportunity provided by proposed pilot

² File No. ET-2018-0132, Report and Order, Pages 16-17.

 Steven M. Wills
 Benefits of efficient electrification (downward rate pressure)

 Cost effectiveness
 Request to track program expenses

4. In order to implement this improved program pilot, Ameren Missouri will require waivers from certain portions of the promotional practices rules found at 20 CSR 4240 Chapter 14. Therefore, in support of its position and in compliance with 20 CSR 4240-2.060(1) and 20 CSR 4240-14.010(2), Ameren Missouri provides the required information in the following sections of this *Application*:

I. 20 CSR 4240-2.060(1), (A) through (M)

II. Requested Variances

III. Request for Accounting Authority

I. 20 CSR 4240-2.060(1), (A) through (M)

Paragraph (A) – Applicant

5. The Company is a Missouri corporation doing business under the fictitious name of Ameren Missouri, organized and existing under the laws of the State of Missouri, in good standing in all respects, with its principal office and place of business located at One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103. The Company is engaged in providing electric and gas utility services in portions of Missouri as a public utility under the jurisdiction of the Commission. The Company is a subsidiary of Ameren Corporation. 6. Ameren Missouri previously submitted to the Commission a certified copy of its Articles of Incorporation (See Case No. EA-87-105), as well as its Fictitious Name Registrations as filed with the Missouri Secretary of State's Office (See Case Nos. EA-2019-0181). The Company also provided a copy of a recent certified copy of its Certificate of Good Corporate Standing in File No. EF-2021-0011. These documents are incorporated by reference and made a part of this *Application* for all purposes.

Paragraph I – Correspondence and Communication

7. Correspondence and Communication -- Correspondence, communications, orders and decisions in regard to this *Application* should be sent to the undersigned counsel as well as:

Tom Byrne Senior Director, Regulatory Affairs Ameren Missouri 1901 Chouteau Avenue PO Box 66149 St. Louis, MO 63166-6149 <u>TByrne@ameren.com</u>

Paragraph (K) – Actions, Judgments, and Decisions; Paragraph (L) – Fees⁴

8. Ameren Missouri has no final unsatisfied judgments or decisions against it from any state or federal agency or court that involve customer service or rates that have occurred within three years of the date of this *Application*. By the nature of its business, the Company has, from time-to-time, pending actions in state and federal agencies and courts involving customer service or rates. Company has no annual report or assessment fees overdue to this Commission.

³ Paragraphs (C), (D), and (F) do not apply to Ameren Missouri.

⁴ Paragraph (J) does not apply to Ameren Missouri.

Paragraph (M) – Affidavit

9. Verification in support of this *Application* by an authorized individual is included

as Schedule 2.

II. Requested Waivers

10. Ameren Missouri specifically requests waivers of 20 CSR 4240-14.020(1)(D), (E),

and (F), which provide:

No public utility shall offer or grant any of the following promotional practices for the purposes of inducing any person to select and use the service or use additional service of the utility:

(D) The furnishing of consideration to any dealer, architect, building, engineer, subdivider, developer or other person for the sale, installation or use of appliances or equipment...

(E) The provision of free, or less than cost value, wiring, piping, appliances or equipment to any other person...

(F) The provision of free, or less than cost or value, installation, operation, repair, modification or maintenance of appliances, equipment, wiring, or piping of any other person...

11. 20 CSR 4240-14.010(2) allows for variance from the promotional practices rules

for good cause shown. Good cause is shown for this variance because electrification provides not only environmental and societal benefits, but also contributes to the overall affordability of basic electric service. When new loads are encouraged, the marginal cost of serving them contributes to covering fixed costs for all customers, ultimately reducing rates from levels that would otherwise be required to cover fixed costs.

III. Request for Accounting Authority

12. Riders that adjust rates between rate cases are not available in Missouri absent statutory authority. An alternative, here accounting authority, is necessary to provide cost recovery of those program costs that are necessary to gain the beneficial aspects of the efficient electrification program for all customers. Consequently, Ameren Missouri requests the Commission authorize it to defer the program costs (incentives and other program costs) to a regulatory asset for inclusion in rates in the Company's next rate case. More information regarding this proposal can be found in Mr. Wills' testimony.

WHEREFORE, Ameren Missouri respectfully requests that the Commission grant the requested variances of the relevant portions of the Promotional Practices Rules cited above so that the tariffs implementing its efficient electrification pilot can be approved, and grant it accounting authority to defer the program costs of the program to a regulatory asset for inclusion in rates in its next electric general rate proceeding.

Respectfully submitted,

Image: New Year ContractWendy K. Tatro, #60261Director and Assistant General CounselPaula N. Johnson, # 68963Senior Corporate CounselAmeren MissouriP.O. Box 66149St. Louis, MO 63166-6149(314) 554-3484 (phone)(314) 554-4014 (fax)AmerenMOService@ameren.com

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

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing was served on the Staff of the Commission and the Office of the Public Counsel on this via electronic mail (e-mail) on this 27th day of October, 2020.

<u>|s|</u> Wendy K. Tatro

Wendy K. Tatro

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File No. ET-2021-0020

AFFIDAVIT OF WARREN T. WOOD

STATE OF MISSOURI)) ss COUNTY OF COLE)

Warren T. Wood, being first duly sworn on his oath, states:

1. My name is Warren T. Wood. I work in the City of Jefferson City, Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") as Vice President, External Affairs and Communications. I am responsible for departments and personnel that assist in, among other things, the development of regulated customer initiatives and tariffs.

2. I have read the *Application, Request for Variances, and Request for Accounting Authority*, and I declare under the penalty of perjury that the information contained therein is true and correct to the best of my knowledge and belief.

> <u>/s/ Warren T. Wood</u> Warren T. Wood

This 27th day of October, 2020.