

**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) File No. ET-2018-0132
for Approval of Efficient Electrification Program.)

**AMEREN MISSOURI'S RESPONSE TO STAFF'S
RECOMMENDATION REGARDING LINE EXTENSION TARIFF**

COMES NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") and for its *Response to Staff's Recommendation Regarding Line Extension Tariff*, states as follows:

INTRODUCTION

1. On February 22, 2018, Ameren Missouri filed tariff sheets to revise its line extension policies to adopt a marginal cost approach similar with the approach utilized by KCP&L-Greater Missouri Operations Company ("GMO"). The Commission had previously ordered Kansas City Power & Light Company ("KCP&L") to adopt the GMO approach. *Report and Order*, File No. ER-2016-0285. A marginal cost approach to line extension policies accounts not only for the cost of completing a line extension, but also for the ongoing revenues the new business being connected by the line extension will provide.

2. The KCP&L order came after the Commission had initiated a workshop (File No. EW-2016-0041) where it indicated its interest in examining the more efficient use of infrastructure. In its report in the workshop docket, the Staff specifically recommended that the Commission consider GMO's line extension policies. *Staff Investigation and Report*, p. 28, File No. EW-2016-0041.

3. In the Commission-approved Stipulation and Agreement that resolved Ameren Missouri's last electric rate review (File No. ER-2016-0179), Ameren Missouri, at the urging of some of the other parties, specifically committed to performing a study of a line extension policy similar with GMO's policy. Ameren Missouri completed such a study and used its results in the filing at issue in this docket.

4. Staff filed its Recommendation on April 3, 2018. Part of the recommendation was to reject the Line Extension tariff. The cover pleading made no mention of this legal argument. Instead, there is one sentence in the Staff Memorandum which alleges that the line extension policy "is of such general applicability and so related to the revenues received by the Company that modification of these tariffs outside of a general rate case would constitute single issue ratemaking," although the Staff indicted that it is "generally supportive of the modifications to the Company's line extension policies . . ." The Staff provided no analysis or other support for its claim that changing line extension policies at this time would constitute prohibited single-issue ratemaking.

ANALYSIS

5. The Staff's claim that changing the Company's line extension policy in this docket constitutes prohibited single-issue ratemaking, presumably grounded in the Staff's application of *Utility Consumers Council of Missouri v. Pub. Serv. Comm'n*, 585 S.W.2d 41 (Mo. 1979), is incorrect. Indeed, less than three years ago this Commission rejected the same argument.

6. In *In the Matter of the Revised Tariff Sheets for Laclede Gas et. al*, Laclede Gas Company ("Laclede") filed revised tariff sheets by which its budget billing procedures, bill estimating procedures, and *line extension provisions* would be changed, bringing them more in line with those of Missouri Gas Energy, which had become its affiliate. As is the case with Ameren

Missouri's proposed tariff changes, the Laclede tariff changes would not increase its rates or charges for gas service, but the tariff changes would affect the terms and conditions of providing gas service.

7. In rejecting the Staff's single-issue ratemaking argument, the Commission concluded that the proposed tariffs "do not fall within the prohibited practice of single-issue ratemaking," explaining that:

The reason single-issue ratemaking is prohibited is a concern that in setting rates based on a change in a single cost, the Commission could be overlooking other costs that have changed in a different direction, leading to rates that do not reflect the utility's true cost of service. Since Laclede's tariffs do not change the rates charged by the utility, concerns about single-issue ratemaking are misplaced, and the utility's cost of service is not a relevant factor the Commission must consider in deciding whether to suspend or reject these tariffs.

8. The Laclede decision is directly on point. Ameren Missouri will not belabor the legal arguments or otherwise recite further the Commission's long history of approving similar tariff changes outside of a general rate case. In that case, both Laclede and the Staff fully and extensively briefed the issue of whether a tariff sheet changes that substantively are no different than those filed by Laclede in that case can only be made in a general rate proceeding.¹ The Commission rejected there the very claim the Staff makes here. Its analysis in doing so applies with equal force to the line extension policy changes proposed in this docket.

9. Because the Staff expressed certain concerns regarding the tariff sheets at issue, the Company, concurrently with this filing, is extending the effective date of those tariff sheets by 60

¹ Laclede's Response in Opposition to Staff's Motion to Reject Tariff Sheets (Aug. 12, 2015); Staff's Reply to Laclede's Pleadings (Aug. 24, 2015). Laclede's Response contained an extensive discussion of instances where the Commission has approved tariff sheet changes that change the terms or conditions of providing utility service, or otherwise allowed them to take effect, outside a general rate case.

days (to June 21, 2018) to afford it the opportunity to discuss the Staff's concerns and otherwise determine if a substantive resolution of those concerns can be reached.

WHEREFORE, Ameren Missouri, having extended the effective date of the tariff sheets at issue, respectfully requests the Commission make and enter its order denying the Staff's request that the tariff sheets filed as Tracking No. YE-2018-0103 be rejected.

Respectfully submitted,

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ATTORNEYS FOR UNION ELECTRIC
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing was served on all parties of record via electronic mail (e-mail) on this 11th day of April, 2018.

/s/ Wendy K. Tatro
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