

Exhibit No.:
Issue(s): Special Rate Design Per
Commission Order
Witness: William R. Davis
Sponsoring Party: Union Electric Company
Type of Exhibit: Supplemental Direct
Testimony
File No.: ER-2014-0258
Date Testimony Prepared: December 18, 2014

MISSOURI PUBLIC SERVICE COMMISSION

File No. ER-2014-0258

SUPPLEMENTAL DIRECT TESTIMONY

OF

WILLIAM R. DAVIS

ON

BEHALF OF

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

**St. Louis, Missouri
December 18, 2014**

1 A. Yes. The Company has had an approved rider, called the Economic Re-
2 Development Rider, since 2007.

3 **Q. What is the purpose of the Economic Re-Development Rider (“ERR”)?**

4 A. The purpose of the Company’s ERR tariff is to encourage re-development of
5 certain sites in the City of St. Louis and, more specifically, to encourage the utilization of
6 existing distribution facilities with capacity in excess of current load in those areas.

7 **Q. How does ERR encourage re-development of certain sites in the Company’s**
8 **service territory?**

9 A. Qualifying customers receive a discount which reduces the cost for electric
10 service and thus provides an economic incentive to either locate new facilities or keep existing
11 facilities in certain geographic areas of the Company’s service territory. In addition, under ERR,
12 qualifying customers are eligible for a discount to cover the up-front costs necessary to move
13 certain electric distribution facilities that may interfere with construction at the customer’s
14 location.

15 **Q. What customer classes are eligible for the ERR?**

16 A. Customers receiving service, or new customers who will qualify for electric
17 service, under the Company’s Large General Service, Small Primary Service, or Large Primary
18 Service rate classifications are eligible.

19 **Q. Could any customer in an eligible rate class be awarded a discount under**
20 **ERR?**

21 A. No, only the customers who meet the criteria specified in the tariff are eligible.

22 **Q. What is the importance of the criteria for a discount under ERR?**

1 A. Several of the ERR terms are designed to minimize the likelihood of free-riders.
2 The intent is only to provide an incentive to lure or keep businesses that would otherwise not
3 become or stay Company customers while improving the utilization of existing distribution
4 infrastructure built when the load in these areas was greater. In addition, the requirement to also
5 have government incentives demonstrates that the Company is not acting unilaterally. When
6 customers are furnished government incentives, it is a signal to the Company that elected
7 officials have deemed the customer worthy of special considerations.

8 **Q. Can you please list all of the criteria a customer must meet in order to**
9 **qualify for a discount under ERR?**

10 A. Yes. Below is a list of all of the criteria that must be met for a customer to qualify
11 for a discount under ERR:

- 12 - Receiving electric service, or new customers who will qualify for electric
13 service, under the Company's Large General Service, Small Primary Service, or
14 Large Primary Service rate classifications;
- 15 - Must be geographically located within the designated areas of the City of St.
16 Louis, as defined on maps contained in ERR;
- 17 - For existing premises served or previously served by Company, the premises
18 must have been either unoccupied or otherwise dormant (e.g. vacant land and/or
19 buildings) for a minimum period of one hundred-eighty (180) days;
- 20 - Must have local, regional, or state governmental economic development
21 activities where incentives have been offered and accepted by the customer who is
22 requesting service to locate new or expanding facilities within the eligible
23 geographic locations;

1 - The annual load factor of the customer's qualifying electric load is reasonably
2 projected to equal or exceed fifty-five percent (55%) during the application of
3 ERR;

4 - The average monthly peak demand of the customer's qualifying electric load is,
5 or is reasonably projected to be, at least 500 kilowatts during the application of
6 ERR;

7 - The Company must determine that the project will utilize existing electric
8 infrastructure in a manner which is beneficial to the local electric service delivery
9 system;

10 - ERR is not available to a successor customer that results merely from load
11 shifted from one location on Company's system to a qualifying site, unless
12 approved by the Company; and

13 - The facilities must be industrial/commercial and not involved in selling or
14 providing goods and/or services directly to the general public.

15 **Q. Are there any limitations on the discount available under ERR?**

16 A. Yes. The default discount is 15% from the otherwise applicable tariff, before tax
17 additions, and the maximum duration of the discount is five (5) years. In addition, the discount
18 for relocating electric distribution facilities cannot exceed fifty percent (50%) of any net annual
19 electric revenue estimated to be derived from customer's premises, and not utilized in meeting
20 the Company's tariff provisions governing extensions to non-residential customers.

21 **Q. Is the ERR discount only awarded at the Company's discretion?**

1 A. Yes, and as stated above, the Company's decision as to whether a customer meets
2 the qualifying criteria will always be made based on the facts and applied in a non-
3 discriminatory fashion.

4 **Q. Why does the Company decide who receives the ERR discount?**

5 A. Although the eligible geographic areas are outlined in the tariff, the Company still
6 needs to ensure that the customer's load can be adequately served with existing utility
7 infrastructure. In short, the Company is best suited to provide a decision as our economic
8 development, customer service, and operating personnel work closely with potential applicants.

9 **Q. Does this conclude your supplemental direct testimony?**

10 A. Yes, it does.

