

FILED<sup>3</sup>

DEC 4 2008

Missouri Public  
Service Commission

Exhibit No

Issues

Low-Income Weatherization

Witness

Laura Wolfe

Sponsoring Party

Missouri Department of  
Natural Resources - Energy  
Center

Type of Exhibit

Direct Testimony

Case No

ER-2008-0318

**DIRECT TESTIMONY**

**OF**

**LAURA WOLFE**

**MISSOURI DEPARTMENT OF NATURAL RESOURCES**

**ENERGY CENTER**

**August 28, 2008**

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

**UNION ELECTRIC COMPANY d/b/a AMERENUE**

**RATE CASE**

**CASE NO. ER-2008-0318**

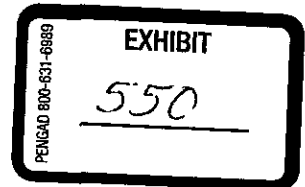


Exhibit No. 550  
Case No(s) ER-2008-0318  
Date 11/25/08 Rptr MV

1 **Q. Please state your name and address.**

2 A My name is Laura Wolfe My business address is Missouri Department of Natural  
3 Resources, Energy Center, 1101 Riverside Drive, P O Box 176, Jefferson City,  
4 Missouri 65102-0176

5 **Q. By whom and in what capacity are you employed?**

6 A I am employed by the Missouri Department of Natural Resources as an Energy  
7 Specialist in the Energy Policy and Analysis Program in the Missouri Energy Center  
8 (MEC) The MEC is located within the Missouri Department of Natural Resources, an  
9 agency of state government with its executive office located in Jefferson City,  
10 Missouri

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

12 A I am testifying on behalf of the Missouri Department of Natural Resources (DNR), an  
13 intervenor in these proceedings

14 **Q. Please describe your educational background and business experience.**

15 A I received a Bachelor of Science in Business Administration in 1985 from Central  
16 Methodist College (n/k/a , Central Methodist University) in Fayette, Missouri, and a  
17 Master's in Public Administration degree in 1990 from the University of Missouri-  
18 Columbia In my current position as an Energy Specialist with DNR, I actively  
19 participate in several utility energy efficiency advisory groups established in various  
20 cases before the Commission, including the Laclede Gas Company Energy Efficiency  
21 Collaborative ("Laclede EEC"), the Kansas City Power and Light Company Customer  
22 Programs Advisory Group ("CPAG"), Empire District Electric Company, Customer  
23 Programs Collaborative ("CPC"), and the Missouri Gas Energy Efficiency

1 Collaborative (“MGE EEC”) My other duties in the Energy Center at DNR include  
2 reviewing cases before the Commission, including rate cases and integrated resource  
3 plan cases, and advising the Department on a recommended level of participation I am  
4 also responsible for preparing correspondence to citizens regarding energy efficiency  
5 issues, as well as compiling energy efficiency information in response to other  
6 inquiries

7 I have worked in a variety of positions regarding utility regulation including as a  
8 Utility Regulatory Auditor III for the Commission from 1996 to 1999, a Costing  
9 Administrator and later Docket Manager for Sprint (n/k/a , Embarq) from 1999 to  
10 2002, and as a Utility Policy Analyst in the Federal Gas Group at the Commission  
11 from 2002 to 2007 Details regarding these and other professional positions I have  
12 held appear in LW-1 attached and included by reference to this testimony

13 **Q. What is the purpose of your direct testimony in these proceedings?**

14 A The purpose of my testimony is to recommend that Union Electric Company d/b/a  
15 AmerenUE (“AmerenUE”) continue to fund the Low Income Weatherization  
16 Assistance Program (“LIWAP”) at \$1,200,000 annually, the level ordered in  
17 AmerenUE’s previous rate case, ER-2007-0002

18 **Q. Has AmerenUE included \$1,200,000 for LIWAP funding in this case?**

19 A No, AmerenUE has included only \$600,000 in this case In the Commission’s Order in  
20 AmerenUE’s previous rate case, ER-2007-0002, the Commission directed AmerenUE  
21 to fund the low-income weatherization program with \$1,200,000 annually \$600,000

1 funded by ratepayers and \$600,000 funded by AmerenUE's shareholders<sup>1</sup> AmerenUE  
2 has included \$600,000 in its rate base in this case to continue that level of funding from  
3 its ratepayers This portion of funding is consistent with the previous rate case, ER-  
4 2007-0002 The \$600,000 annual contribution from stockholders would not be  
5 reflected in AmerenUE's cost of service, since it is not passed through to customers  
6 through AmerenUE's rates It is not apparent from the documents filed in this rate case  
7 whether AmerenUE intends to continue to provide \$600,000 annually from its  
8 stockholders or not

9 **Q. Has AmerenUE provided that funding?**

10 A On August 29, 2007, through an agreement among AmerenUE, DNR Energy Center,  
11 the Environmental Improvement and Energy Resources Authority ("EIERA"), and the  
12 Staff of the Commission, AmerenUE made the first payment of \$1,080,000 to EIERA  
13 to fund the LIWAP (Exhibit LW-2) That was consistent with the Commission's  
14 Order in ER-2007-0002 In the ER-2007-0002 Report and Order, AmerenUE was  
15 ordered to use \$120,000 of the total program funds to conduct a process and impact  
16 evaluation of the LIWAP ( $\$1,200,000 - \$120,000 = \$1,080,000$ )  
17 DNR's understanding is that the requirement for the process and impact evaluation is a  
18 one-time requirement, therefore DNR and EIERA anticipated receiving \$1,200,000 for  
19 the second annual payment on or near July 5, 2008, per the Cooperative and Funding  
20 Agreement and the Commission's Report and Order in Case No ER-2007-002  
21 (Exhibit LW-2) However, on June 26, 2008, AmerenUE provided only \$900,000 to  
22 EIERA for the second payment

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<sup>1</sup> In the Matter of Union Electric Company d/b/a ) AmerenUE's Tariffs Increasing Rates for Electric )  
Service Provided to Customers in the Company's ) Missouri Service Area, Case No Case No ER-2007-0002

1 **Q. Did AmerenUE provide a reason for providing \$900,000 on June 26, 2008?**

2 A Not initially, but in discussions between DNR and AmerenUE, AmerenUE cited this  
3 rate case, ER-2008-0318, and the resulting uncertainty of what rates will be in effect  
4 when this case draws to a conclusion in March 2009 AmerenUE asserted that the  
5 current rate structure will be in effect for nine (9) months rather than a full twelve (12)  
6 months from the date of remittance to EI ERA until the conclusion of this rate case  
7 Therefore, AmerenUE has pro-rated the amount due, which is three-quarters of the  
8 ordered \$1,200,000

9 **Q. Can you ascertain whether the withheld \$300,000 (\$1,200,000 - \$900,000 =**  
10 **\$300,000) can be attributed to ratepayer-provided funds or shareholder-provided**  
11 **funds?**

12 A In response to an Energy Center data request (MDNR-011), Ameren stated that  
13 “\$600,000 for the low income weatherization program was included in AmerenUE’s  
14 revenue requirements in this rate case” Therefore, AmerenUE has requested in this  
15 rate case to continue providing the same \$600,000 in funding from ratepayers Based  
16 on this, I believe that AmerenUE is withholding \$300,000 of shareholder-provided  
17 funds that DNR was expecting to use to improve the energy efficiency of Missouri  
18 homes

19 **Q. What level of funding do you think is appropriate for AmerenUE to provide for**  
20 **the low income weatherization program in its territories?**

21 A I believe that the \$1,200,000 in annual funding ordered in the Commission's Report and  
22 Order dated May 22, 2007, in Case No ER-2007-0002 is appropriate Given the  
23 current economic climate and increasing costs for energy, an increasing number of

1 individuals and families will be in need of energy efficiency improvements to help  
2 control utility bills. As AmerenUE's electric rates increase, it becomes more difficult  
3 for many residential customers to consistently pay their monthly utility bills when they  
4 are due. Low-income residential customers, in particular, face even greater hardships  
5 as they meet the challenge of energy expenses on a small and/or fixed household  
6 income. Weatherization provides long-term benefits to customers by helping reduce  
7 energy demand that results in reduced energy bills and helps reduce late payment or  
8 uncollectible utility bills. There is an ongoing need for low-income weatherization  
9 assistance and funding for this important program.

10 **Q. What impact will the withholding of the \$300,000 have on the weatherization**  
11 **services to Missouri families?**

12 A. Withholding \$300,000 from LIWAP has had an adverse impact on the ability of DNR  
13 and the local agencies performing the weatherization services to budget for  
14 weatherization projects. Without that funding in place, necessary resources can not be  
15 acquired to weatherize Missouri homes. Using \$3,000 as an average spending cap for  
16 weatherizing a home, AmerenUE's withholding of \$300,000 may result in at least 100  
17 fewer homes being weatherized, at least 100 Missouri families struggling to keep their  
18 homes warm in the winter and cool in the summer, at least 100 Missouri families  
19 struggling to pay their energy bills, and at least 100 homes in Missouri inefficiently  
20 using energy.<sup>2</sup>

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<sup>2</sup> The Department of Energy ("DOE") issued its Weatherization Program Notice 08-1 on November 8, 2007. In this notice, DOE established the adjusted average spending limit for weatherizing a home for the current program-year as \$2,966. The Weatherization Program Notice can be viewed at <http://www.waptac.org/sp.asp?id=6878> and by clicking the link labeled **WPN 08-1 PROGRAM YEAR 2008 WEATHERIZATION GRANT GUIDANCE**.

1 **Q. What impact will the withholding of \$300,000 have on the administration of the**  
2 **Low Income Weatherization Assistance Program?**

3 A Withholding \$300,000 affects DNR and local agency planning for delivery of  
4 weatherization services and causes additional administrative work for DNR, EIERA  
5 and the local agencies DNR and EIERA have consistently stressed to all of the  
6 utilities that provide funding for the LIWAP that full funding needs to be provided in a  
7 lump sum annually This requirement is directly related to the efficient and cost-  
8 effective administration of the program Neither DNR nor EIERA currently use any  
9 AmerenUE funds for administering this program which maximizes the use of the funds  
10 for public service (EIERA is reimbursed from interest earned for expenses for its  
11 contractual accounting services ) Receiving annual funds in multiple payments  
12 increases the administrative burden for DNR, EIERA, as well as the local agencies  
13 performing the weatherization services  
14 DNR currently receives and administers weatherization funding from four utilities  
15 (AmerenUE, AmerenUE-natural gas, Laclede Gas Company and Atmos Energy) For  
16 consistency and efficiency, DNR administers the LIWAP funds received from utilities  
17 consistent with the Federal Department of Energy (“DOE”) guidelines For each  
18 receipt of funds from each utility, DNR and the local weatherization agencies serving  
19 the specific utility’s customers must prepare a grant The grant process requires

- 20 • DNR to prepare an allocation of the funds across the local agencies in the
- 21 specific utility’s service area,
- 22 • the local weatherization agencies to prepare a budget to attribute program
- 23 costs to that particular amount of funding, and
- 24 • DNR to develop a monitoring plan to insure the funds are used consistent
- 25 with DOE guidelines and are used on homes served by the utility providing
- 26 the funds
- 27

1 When these are all complete, the grants are then signed by DNR and the local agencies  
2 and the funds are made available to the local agency Receiving annual funds in  
3 multiple payments requires DNR and the local weatherization agencies to engage in  
4 this process multiple times, and leads to more complicated funding structures for the  
5 local weatherization agencies Multiple grants require the local agencies to spend more  
6 time on administrative functions and less on weatherizing the homes of low income  
7 citizens Client services are also adversely affect when part of the annual funds are  
8 withheld Local weatherization agencies are reluctant to hire and train additional  
9 technical staff because the funding cannot be assured

10 Multiple payments also impact EIERA in terms of complicating the tracking interest  
11 earned on each portion of funding Delayed delivery of funds also minimizes the  
12 interest earned on the fund, thereby jeopardizing earning sufficient interest to cover  
13 EIERA's contractual accounting expenses, as well as minimizing interest that is used to  
14 weatherize homes

15 **Q. What recommendations do you have regarding funding of a Low Income**  
16 **Weatherization Assistance Program by AmerenUE?**

17 A I recommend the Commission order AmerenUE to provide \$300,000 to DNR and  
18 EIERA within five (5) days of the effective date of the Report and Order the  
19 Commission issues in this case in order to continue funding the LIWAP until the next  
20 payment of \$1,200,000 Furthermore, I recommend that the Commission order  
21 AmerenUE to provide a payment of \$1,200,000 on July 5, 2009 to fund the next twelve  
22 months of the LIWAP Also, I recommend that the Commission order AmerenUE to  
23 provide an annual payment of \$1,200,000 each subsequent year on or near July 5th I



1 recommend that the Commission view the LIWAP as an on-going program and that the  
2 flow of funding not be subjected to interruption. Inconsistent and uncertain cash flow  
3 for the LIWAP hinders the ability of the program to efficiently and effectively  
4 weatherize the homes of low income citizens of Missouri. In addition, I recommend  
5 that the Commission direct AmerenUE to address the impact of future rate cases  
6 through a process with the Commission that allows parties to the case to comment on  
7 the utility's desire to reduce funding.

8 **Q. Do you have any other comments to make regarding AmerenUE's rate filing in**  
9 **light of AmerenUE's previous rate case, ER-2007-0002?**

10 A Yes. I would like to state that DNR continues to encourage energy efficiency efforts  
11 by AmerenUE and all other energy utilities, and I believe AmerenUE is currently  
12 finalizing a portfolio of energy efficiency programs for its customers that will be  
13 implemented in the next several months. AmerenUE stated in its response to Staff's  
14 DR 212 that it has a portfolio of nine residential and seven commercial and industrial  
15 programs in its Regulatory Asset Account. These programs were described in  
16 AmerenUE's Integrated Resource Plan submitted to the Commission February 5, 2008,  
17 in Case No. EO-2007-0409. Of the sixteen programs in the portfolio, four of the  
18 programs are demand response programs and the remaining twelve are energy  
19 efficiency programs.<sup>3</sup>

20 AmerenUE has not yet implemented the programs; therefore, there were no expenses  
21 associated with the programs in the test year in this rate case. To accurately reflect the  
22 costs of implementing and offering the portfolio of energy efficiency and demand

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<sup>3</sup> AmerenUE's 2008 Integrated Resource Report refers readers to AmerenUE's website  
([www.ameren.com/energyefficiency](http://www.ameren.com/energyefficiency)) for a list of the programs.

1 response programs on a going-forward basis, AmerenUE included a pro forma amount  
2 of \$13,000,000 to represent the expenses for the energy efficiency and demand  
3 response portfolio for six months in the test year for this rate case. This results in  
4 anticipated annual expenses of \$26,000,000 for the portfolio. As AmerenUE  
5 implements the portfolio of programs, thereby incurring costs, the costs will be  
6 reflected in the Regulatory Asset Account. DNR has supported reporting energy  
7 efficiency and demand side management program expenses for other utilities in  
8 regulatory asset accounts and does so for AmerenUE.

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

10 A Yes, it does.


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

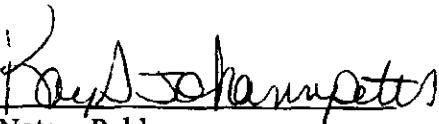
In the Matter of Union Electric Company, )  
d/b/a AmerenUE, for the Authority to File )  
Tariffs Increasing Rates for Electric Service ) Case No ER-2008-0318  
Provided to Customers in the Company's )  
Missouri Service Area )

**AFFIDAVIT OF LAURA WOLFE**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

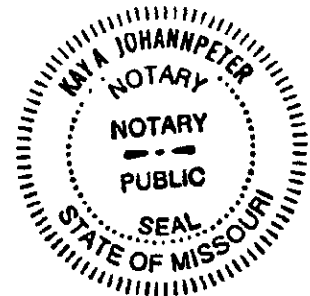
Laura Wolfe, being duly sworn on her oath, hereby states that she has participated in the preparation of the foregoing Direct Testimony in question and answer form, that the answers in the foregoing Direct Testimony were given by her, that she has knowledge of the matters set forth in such answers, and that such matters are true and correct to the best of her knowledge, information and belief

  
\_\_\_\_\_  
Laura Wolfe

  
Notary Public

My commission expires:

**KAY A. JOHANNPETER**  
Notary Public - Notary Seal  
STATE OF MISSOURI  
Moniteau County  
My Commission Expires: Aug. 4, 2011  
Commission # 07551967



Subscribed and sworn before me this 28 day of AUGUST, 2008

## **Laura Wolfe**

### **Career Experience:**

#### ***State of Missouri, Missouri Public Service Commission***

##### **Utility Policy Analyst I**                      November 2002 – April 2007

I was responsible for monitoring the activities of interstate pipelines that provide natural gas to communities in the State of Missouri, assessing the impact of the activities upon the natural gas rates of Missouri citizens, and advising the Missouri Public Service Commission of appropriate positions and actions to take in response. I designed and developed several models using Excel, most notably an interactive model to quickly calculate the Cost of Service and Rate of Return for a rate of return regulated interstate pipeline.

#### ***Sprint***

##### **Docket Manager**                      February 2001 – October 2002

I was responsible for monitoring all telecommunications regulatory activities in Missouri and Kansas, and assessing Sprint's need to participate in various cases, dockets, and industry forums in both states. I represented Sprint during discussions and negotiations with regulatory commission staffs, and coordinated all activities related to participation in dockets and cases, including preparation of draft pleadings, correspondence, etc. Most cases involved the coordination of a multidiscipline team of economists, attorneys, engineers, billing and services specialists, tariff managers, etc.

##### **Costing Administrator**                      October 1999 – February 2001

I was responsible for performing all cost studies and analysis of Sprint inter-office transport networks. I gathered all necessary inputs and processed those inputs through Sprint's forward-looking network cost model. I created a comprehensive, internal user's manual for that module. I also analyzed cost studies created by other telecommunications companies, and created an add-on module to the Sprint's forward-looking network cost model to calculate the costs for High Capacity Loops.

#### ***Freelance Telecommunications Consultant***                      February 1999 – October 1999

I prepared technical documents for competitive local telecommunications companies and inter-exchange telecommunications companies. I also advised new entrants in the telecommunications industry in Missouri regarding commission rules and processes.

#### ***State of Missouri, Missouri Department of Labor and Industrial Relations***

##### **Special Project Manager**                      January 1999 – August 1999

I managed the transition of the Missouri Adaptive Telephone Equipment Program from the MoPSC to DOLIR. I re-established the policies and procedures of the program, renegotiated vendor contracts, and completed a seamless transition of the program from the PSC to DOLIR.

***State of Missouri, Missouri Public Service Commission***

**Utility Regulatory Auditor III**      July 1996 – January 1999

My primary responsibility was as the Administrator of Relay Missouri and the Missouri Adaptive Telephone Equipment Program. I managed the budget administration, program expenditure projections, funding analysis, contract administration, and advisory committee coordination. My other responsibilities included evaluating telecommunications filings for the Commission, preparing recommendations to the Commission, and appearing as an expert witness for the Staff via written testimony and in-person cross examination of testimony on the stand during proceedings.

***State of Missouri, Office of Missouri State Treasurer***

**Senior Compliance Auditor**      April 1995 – July 1996

I performed all audits necessary for the Investments Division. Primarily, I performed compliance audits of banks and borrowers participating in the Missouri Linked Deposit Program. I also performed periodic audits of the State of Missouri's Federal Reserve Accounts.

***State of Missouri, Department of Economic Development, Professional Registration***

**Real Estate Examiner**      August 1993 – March 1995

I performed compliance audits of licensed real estate brokers in the State of Missouri. These audits sought to verify compliance with rules and statutes related to proper agency notice, business practices, and management of escrow accounts.

***State of Missouri, Missouri Public Defender System***

**Purchasing and Property Specialist**      August 1989 – April 1993

I managed all purchasing activities for this state agency. This included the purchase of all expendable supplies, expendable property, and service contracts. I was also responsible for coordinating the opening of several new public defender offices, and I was the facility manager of the Public Defender Complex in Columbia, Missouri.

***State of Missouri, Office of Administration, Division of Accounting***

**Accounting Analyst**      September 1985 – August 1989

I was responsible for the financial reporting of a series of refunding bonds for the State of Missouri. I also managed the Non-expendable Inventory System for the Office of Administration, and assisted in the annual preparation of the Office of Administration budget request.

## COOPERATION AND FUNDING AGREEMENT

THIS COOPERATION AND FUNDING AGREEMENT (this "Agreement"), dated as of August 14, 2007, is by and among the Missouri Department of Natural Resources, a department of the State of Missouri ("DNR"), the State Environmental Improvement and Energy Resources Authority, a body corporate and politic and governmental instrumentality of the State of Missouri ("EIERA"), the Missouri Public Service Commission, a utility regulatory commission of the State of Missouri ("PSC"), and Union Electric Company d/b/a AmerenUE, a corporation and existing under the laws of the State of Missouri ("AmerenUE").

WHEREAS, DNR was created pursuant to Article 4, Section 47 of the State Constitution with authority to administer the programs of the State of Missouri (the "State") as provided by law relating to environmental control and the conservation and management of natural resources; and

WHEREAS, DNR's Missouri Energy Center ("DNR/EC") is vested with power and duties pursuant to Sections 640.150 and 640.155 RSMo to develop, promote and carry out the State energy efficiency programs; and

WHEREAS, the EIERA is authorized and empowered pursuant to the provisions of Sections 260.005 through 260.125, inclusive, RSMo, and Appendix B(1) thereto, to finance, acquire, construct and equip certain projects for the purpose of preventing or reducing pollution and disposal of solid waste or sewage and to provide for the furnishing of water facilities and resource recovery facilities and to provide for the development of energy resources and increased energy efficiency in the State, and

WHEREAS, the PSC was created and established pursuant to Chapters 386 and 393 of the Missouri Revised Statutes ("RSMo") to ensure for the citizens of the State that regulated utility services are safe and adequate and provided at just and reasonable rates, and

WHEREAS, in resolution of Case No. ER-2007-0002 before the PSC, a Report and Order was issued by the PSC dated May 22, 2007, (the "Order"), a copy of portions of which are attached as Exhibit A and incorporated into this Agreement. Pursuant to Section 10(G) of the Order, AmerenUE was required to fund a low income weatherization fund for the benefit of AmerenUE's low-income, electric customers in AmerenUE's electric service territory (the "AmerenUE Electric Weatherization Fund" or "Fund"); and

WHEREAS, a separate collaborative committee ("Collaborative Committee") consisting of Staff from the PSC, Office of Public Counsel ("OPC"), and DNR/EC met and agreed upon the structure and implementation details for the Fund to be consistent in principle with the AmerenUE Low-Income Weatherization Fund - Agreement of the Parties Addressing Purpose, Procedures and Organizational Considerations dated November 27, 2002, in relation to Case No. EC-2002-1 before the PSC, a copy of which is attached as Exhibit B and incorporated into this agreement; and

NOW, THEREFORE, the Parties to this Agreement mutually agree as follows:

1. Payments into the Fund. EI ERA shall be responsible for managing the Fund in accordance with this Agreement. AmerenUE shall make an initial contribution of one million two hundred thousand dollars (\$1,200,000) to the Fund on or before September 1, 2007 and shall contribute an additional one million two hundred thousand dollars (\$1,200,000) annually ("Payments") on or before July 5 each year thereafter. The parties to this agreement recognize that a portion of the \$1,200,000 contribution required by the Order is currently under review by the Circuit Court of Cole County. If the court finds that the Weatherization Program is to be funded at less than \$1,200,000 annually, this agreement will be modified to reflect the court's ruling. The Payments shall be made in the manner specified in writing by the EI ERA. EI ERA shall promptly notify the Staff of the PSC, DNR and the OPC if a Payment has not been received on or before the specified date.

2. Segregation of the Fund. The monies paid into the Fund shall be accounted for separately from any other weatherization funds held by the EI ERA, but may be deposited in a common bank account known as the Weatherization Account. Interest earned on the Weatherization Account and accounting expenses incurred thereon shall be split on a pro rata basis based upon the balance of each individual weatherization fund held in the Weatherization Account on the final business day of each month.

3. Investment of Fund. EI ERA shall deposit all Payments of the Fund in an interest-bearing and collateralized account in the name of the EI ERA with Central Bank located in Jefferson City, Missouri. The EI ERA may move the Fund to another financial institution in the State with the prior written consent of AmerenUE.

4. Disbursements from Fund. EI ERA shall disburse monies held in the Fund only upon receipt of a complete and signed disbursement request ("Disbursement Request") from DNR in the form attached hereto as Exhibit C designating the subgrantee as the payee Agency (as defined below) and evidencing DNR's approval of the requested amounts.

5. Use of Fund. Disbursements from the Fund shall be authorized by DNR only in a manner consistent with the Order and the directions of the Collaborative Committee which include the following:

- (a) DNR shall allocate the Funds to the agencies listed on Exhibit D (collectively, the "Agencies") according to the formula set forth in Exhibit D, which Schedule may be modified from time to time by the Collaborative Committee;
- (b) Monies from the Fund will be disbursed by the Agencies to AmerenUE electric residential customers only; and
- (c) Monies from the Fund will be spent in a manner consistent with the Federal Weatherization Assistance Program as administered by DNR.

- (d) Up to one hundred twenty thousand dollars (\$120,000) of the fund will be used to perform a process and impact evaluation of the program to be completed by December 31, 2009. Not later than January 1, 2009, the parties shall enter into an amendment to the Agreement establishing the duties of each party with respect to the evaluation.

6. Reporting Requirements. The indicated Parties shall provide the following reports:

6.1 DNR/EC Progress Reports. DNR/EC shall provide progress reports to the Collaborative Committee within thirty (30) days of the end of each calendar quarter reporting period. The progress report shall detail the number of homes weatherized estimated kWh and BTU saved for each home and expenditure rates on a calendar quarterly basis

6.2 DNR/EC Annual Report. The DNR/EC shall prepare and issue an annual report to the Collaborative Committee within forty-five (45) days after the 12-month program budget. The annual report shall be in the form acceptable to the Collaborative Committee

6.3 EIERA Fund Reports. The EIERA shall provide a report to the Collaborative Committee each calendar quarter summarizing the deposits to, disbursements from and interest earned on the Fund. The EIERA shall notify the Collaborative Committee when the final disbursement has been made from the Fund.

6.4. Reports to PSC. The Collaborative Committee shall provide ongoing progress reports and a final report to the PSC regarding the use of the Fund.

7. Program Expense Reimbursement All reasonable fees and expenses relating to this Agreement and the investment and disbursement of the Fund pursuant to Sections 3 and 4, including service charges of the financial institution holding the Fund, accounting fees and legal fees and expenses of the EIERA not to exceed \$3,000.00 annually, shall be paid from the Fund monies.

8 Delegation of Function. To the extent it may be lawful to do so, DNR or the EIERA may contract to have any of the responsibilities outlined herein performed by one or more consultants, trustees or other technical or legal advisors

9. Reservation of Rights. None of the rights conferred upon or reserved to the Parties to this Agreement shall be exclusive of any other rights available to such Parties, but such rights shall be in addition to every other right such Party may have by law

10. Limitation of Rights. The provisions of this Agreement are intended to be for and are for the sole and exclusive benefit of the Parties hereto. Nothing expressed or mentioned in or to be implied by this Agreement shall be construed to give any person other than the Parties hereto any legal or equitable right, remedy or power of claim under this Agreement.

11. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized by any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of



such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereto or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

12. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different Parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

13. Amendments and Supplements. This Agreement may not be effectively amended, changed, modified, altered or terminated except by an instrument in writing signed by the Parties hereto.

14. Compliance with Law. The Parties hereto shall comply with all applicable state and federal laws and regulations

[The remainder of the page is intentionally left blank]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed and delivered by their respective duly authorized officers or representatives.

MISSOURI DEPARTMENT OF NATURAL  
RESOURCES

By: \_\_\_\_\_  
Doyle Childers  
Director

STATE ENVIRONMENTAL IMPROVEMENT  
AND ENERGY RESOURCES AUTHORITY

By: \_\_\_\_\_  
Thomas C. Welch  
Director

MISSOURI PUBLIC SERVICE COMMISSION

By: \_\_\_\_\_  
Wess Henderson  
Executive Director

UNION ELECTRIC COMPANY  
d/b/a AMERENUE

By: \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed and delivered by their respective duly authorized officers or representatives.

MISSOURI DEPARTMENT OF NATURAL RESOURCES

By: *Doyle Childers*  
Doyle Childers  
Director

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

By: \_\_\_\_\_  
Thomas C Welch  
Director

MISSOURI PUBLIC SERVICE COMMISSION

By: *Wess Henderson*  
Wess Henderson  
Executive Director

UNION ELECTRIC COMPANY  
d/b/a AMERENUE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed and delivered by their respective duly authorized officers or representatives.

MISSOURI DEPARTMENT OF NATURAL  
RESOURCES

By \_\_\_\_\_  
Doyle Childers  
Director

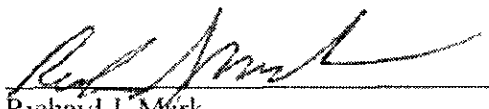
STATE ENVIRONMENTAL IMPROVEMENT  
AND ENERGY RESOURCES AUTHORITY

By \_\_\_\_\_  
Thomas C. Welch  
Director

MISSOURI PUBLIC SERVICE COMMISSION

By \_\_\_\_\_  
Wess Henderson  
Executive Director

UNION ELECTRIC COMPANY  
d/b/a AMERINUI

By   
Name Richard J. Mark  
Title: Senior Vice President Missouri Energy  
Delivery

**EXHIBIT A**

**Excerpts from the Report and Order**

**Decision:**

AmerenUE is given a goal of reducing peak demand and energy growth by:

10 percent in 2009/2010;

15 percent by 2011-2012;

20 percent by 2013/2014, and

25 percent by 2015/2016.

**G. Low Income Programs**

**Discussion:**

As a result of the stipulation and agreement that resolved Staff's last rate complaint against AmerenUE, the company agreed to initiate a low-income weatherization program. That program is currently funded by AmerenUE at an annual level of \$1.2 million. The Department of Natural Resources recommends the program continue to be funded at that level.<sup>258</sup> Staff recommends AmerenUE shareholders provide \$600,000 of that funding, with the other \$600,000 recovered from ratepayers.<sup>259</sup>

AmerenUE contends it is under no obligation to continue funding the low-income weatherization program. However, it is willing to pay the \$600,000 recommended by Staff as a component of its proposal for implementation of a fuel adjustment clause.<sup>260</sup>

Staff and the Department of Natural Resources also agree that AmerenUE should include the program in its tariff and use up to \$120,000 of the program funding to do a process and impact evaluation of the weatherization program. AmerenUE accepts those recommendations.

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<sup>258</sup> Wilbers Direct, Ex 650, Page 12, Lines 4-6.

<sup>259</sup> Mantle Rebuttal, Ex 221, Page 4, Lines 21-23

<sup>260</sup> Mark Surrebuttal, Ex. 039, Page 3, Lines 7-11.

**Findings of Fact:**

Richard Mark, testifying for AmerenUE, agreed the weatherization program has been successful and should continue to be supported by AmerenUE.<sup>261</sup> So all the parties agree the program should be continued. However, AmerenUE appeared to make its promise of future support contingent upon the Commission approving its request for a fuel adjustment clause. The Commission denies that request in this order.

**Conclusions of Law:**

No additional conclusions of law are made for this issue.

**Decision:**

AmerenUE and its customers would benefit from continuation of the low-income weatherization program. The Commission assumes that AmerenUE really did not intend to hold those low-income customers hostage to try to force this Commission to grant it a fuel adjustment clause. Therefore, the Commission directs that the low-income weatherization program continue with funding provided \$600,000 by ratepayers and \$600,000 by AmerenUE's shareholders. In addition, AmerenUE shall include the program in its tariff and use up to \$120,000 of the program funding to do a process and impact evaluation of the weatherization program.

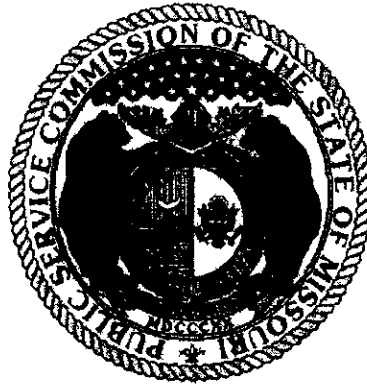
**H. Voluntary Green Power Program****Discussion:**

AmerenUE has proposed a tariff that would implement a Voluntary Green Program. This program would allow AmerenUE's customer to purchase and retire Renewable Energy Certificates (RECs). A REC is defined as the environmentally beneficial component of

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<sup>261</sup> Transcript, Page 1669, Lines 6-8

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



In the Matter of Union Electric Company d/b/a  
AmerenUE's Tariffs Increasing Rates for Electric  
Service Provided to Customers in the Company's  
Missouri Service Area

)  
)  
)  
)

**Case No. ER-2007-0002**  
**Tariff No. YE-2007-0007**

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**REPORT AND ORDER**

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**Issue Date: May 22, 2007**

**Effective Date: June 1, 2007**



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

In the Matter of Union Electric Company d/b/a )  
AmerenUE's Tariffs Increasing Rates for Electric ) **Case No. ER-2007-0002**  
Service Provided to Customers in the Company's ) **Tariff No. YE-2007-0007**  
Missouri Service Area )

**APPEARANCES**

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For the Staff of the Missouri Public Service Commission.

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P.O. Box 2230, Jefferson City, Missouri 65102

For the Office of the Public Counsel and the Public.

**Douglas E. Micheel**, Assistant Attorney General, and **Robert E. Carlson**, Assistant  
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For the State of Missouri and the Missouri Department of Economic Development.

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For Noranda Aluminum, Inc

**John W. Coffman**, Attorney at Law, 871 Tuxedo Blvd., St. Louis, Missouri 63119-2044.

For AARP and the Consumers Council of Missouri.

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For the Missouri Retailers Association.

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For Laclede Gas Company.

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For Aquila, Inc.

**DEPUTY CHIEF REGULATORY LAW JUDGE:** Morris L. Woodruff

## **REPORT AND ORDER**

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**Summary**

This order denies AmerenUE's request for a fuel adjustment clause. It allows AmerenUE to increase the revenue it may collect from its Missouri customers by approximately \$43 million. As a result, the average residential customer's monthly bill will increase by \$2.33, or approximately 3.26 percent.

**Procedural History**

On July 7, 2006, Union Electric Company d/b/a AmerenUE filed tariff sheets designed to implement an annual general rate increase for electric service in the amount of \$360,709,000. The tariff revisions carried an effective date of August 6, 2006.

On July 11, the Commission suspended AmerenUE's tariff until June 4, 2007, the maximum amount of time allowed by the controlling statute.<sup>1</sup> In the same order, the Commission directed that notice of AmerenUE's tariff filing be provided to interested parties and the public. The Commission also established July 31 as the deadline for submission of applications to intervene.

The State of Missouri, the Missouri Energy Group (MEG);<sup>2</sup> Noranda Aluminum, Inc.; the Missouri Department of Natural Resources; Aquila, Inc.; the Missouri Industrial Energy

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<sup>1</sup> Section 393.150, RSMo 2000.

<sup>2</sup> The members of MEG are Barnes-Jewish Hospital, Buzzi Unicem USA, Inc., Holcim US, Inc., and SSM HealthCare

**EXHIBIT B**

**Collaborative Committee Report**

**AmerenUE Low-Income Weatherization Fund  
Agreement of the Parties Addressing  
Purpose, Procedures and Organizational Considerations**

**November 15, 2002**

This narrative addresses portions of the Stipulation and Agreement approved by the Commissions' August 4, 2002 Report and Order in Case No. EC-2002-1, pertaining to the establishment and use of a Weatherization Fund. The Stipulation and Agreement states in section number 5 that "A weatherization fund for the benefit of UE's low-income customers in UE's service territory will be created and administered as determined under Section 11 of this Agreement." Section 11 of the Agreement directs that "The low-income weatherization fund and the residential and commercial energy efficiency fund will be utilized in accordance with plans developed by separate collaborative committees of interested signatories "

Representatives of the following interested signatories have met in a series of meetings that commenced September 9, 2002, to discuss the Agreement's weatherization components: Public Service Commission, Office of the Public Counsel, AmerenUE, and Missouri Department of Natural Resources' Energy Center . The following sets out the purposes, responsibilities and implementation agreed to by the parties involved in the low-income weatherization fund collaborative.

The Missouri Department of Natural Resources' Energy Center (DNR EC), or its predecessor, has administered a federal weatherization program in Missouri for the past 25 years. The Energy Center disburses funds to 18 local organizations and agencies that deliver energy-efficiency weatherization services to low-income citizens in every Missouri county and the city of St. Louis. The program is operated in accordance with detailed and specific laws and regulations established by Congress and the United States Department of Energy and in accordance with an annual workplan developed by the Energy Center after public hearing. Copies of the state workplan and associated federal requirements are attached to this document. In general, the collaborative members have agreed to carry out the weatherization program and use the associated funds provided for in the Stipulation and Agreement in a manner consistent with the existing laws, rules and state workplan for the federal weatherization program. The collaborative participants believe this consistency will ease implementation of the program provided for in the Agreement so funds may be used as quickly and efficiently as possible for the benefit of Missouri ratepayers and low-income citizens. These benefits include reduced energy use, reduced utility bills, improved health and safety for recipients of weatherization services and reduced arrearages for AmerenUE and its ratepayers.

**Program Guidelines and Administration:**

- AmerenUE will disburse \$2 million in an initial payment and \$500,000 in subsequent annual payments over a four (4) year period totaling \$4 million to fund a Weatherization Assistance Program for AmerenUE low-income electric customers. These monies will be disbursed to an account established by the Environmental

Improvement and Energy Resources Authority (EIIRA) EIIRA is a quasi-governmental financing authority established in Missouri statute and contained organizationally within the Department of Natural Resources.

- The DNR Energy Center will allocate AmerenUE weatherization funds through a grant agreement with the existing network of local weatherization agencies on an annual basis according to an allocation formula agreed to by the collaborative team cited above. The allocation formula agreed to by the collaborative for the first year is attached.
- Grant payments will be disbursed from the EIIRA weatherization account according to procedures established by the DNR/EC. The AmerenUE weatherization assistance project will be administered as a separate grant.
- The administration of the AmerenUE weatherization project shall be generally consistent with the DNR/EC's Weatherization State Plan, Weatherization Operations Manual policies and procedures and the U S Department of Energy's Weatherization guidelines. The federal/state eligibility criteria and client selection guidelines will not be consistent because only AmerenUE electric customers are eligible for this program. The intent is that programmatic policy, financial management and technical standards of the existing DNR/EC's Weatherization Program will apply to the AmerenUE weatherization assistance project.
- The DNR/EC will provide information from Department of Social Services Low-Income Home Energy Assistance Program (LIHEAP) recipient list to local weatherization agencies participating in the AmerenUE weatherization project. [Should we state the purpose of this information sharing??]
- Ameren UE will assist local agencies in promoting the program and soliciting applications for the AmerenUE weatherization assistance project (example: AmerenUE bill inserts suggesting weatherization assistance in disconnection notices)

**Administration of Local Agency Grant:**

- AmerenUE low-income electrical customers that are at or below 150% of federal poverty guidelines are eligible to receive weatherization assistance.
- DNR/EC will prepare a Terms of Grant agreement including scope of services document between DNR/EC and local weatherization agencies. Local weatherization agencies will review budgets and production schedules and signify acceptance through signature process.

**Reporting Requirements:**

- DNR/EC provides progress reports detailing the number of homes weatherized and expenditure rates on a quarterly basis to the collaborative committee no later than thirty days past the quarterly report period.



- An annual report will be issued to the collaborative committee no later than forty-five (45) days past the twelve-month program budget period.
- A final report will be issued to the collaborative committee. The final report may include an evaluation of how well agencies dealt with (1) large inflow of utility funds, (2) program criteria of UE customers only and (3) effectiveness of utility referrals.
- The Collaborative committee will consult on providing program progress reports and a final report to the Public Service Commission.

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**EXHIBIT C**

**Disbursement Request**

Mail Direct to:	(FOR DNR/EC USE ONLY)
Department of Natural Resources Energy Center P.O. Box 176 Jefferson City, MO 65102	P.O. # _____ ER-0040 GRANT # <u>G07-16-AMUE-</u>

**AMERENUE REQUEST FOR FUNDS (DE-5)**

Request Date: \_\_\_\_\_ Name of Subgrantee: \_\_\_\_\_

Program Year 2007/2008 \_\_\_\_\_

Program Title Weatherization Address: \_\_\_\_\_

\_\_\_\_\_

I certify that to the best of my knowledge and belief the date below is correct and that all outlays were made in accordance with the agreement and the payment is due and has not been previously requested.

\_\_\_\_\_  
Signature of Authorized Official

<b>COST CATEGORY</b>	<b>REQUEST FOR FUNDS</b>
ADMINISTRATION	
INSURANCE	
PROGRAM OPERATIONS	
FINANCIAL AUDIT	
<b>TOTAL</b>	
DNR/EC APPROVAL:	DATE:

**EXHIBIT D**

**Agency Payment Schedule**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total UE Accounts by Agency	Total UE Accounts by Agency	50% Allocation Based on UE Accounts	Estimated UE Poverty Accounts by Agency	Percent of Estimated UE Poverty Accounts	50% Allocation Based on UE Poverty Accounts	Sum of Columns (6) + (7)	Sum of Column (8)	Sum of Column (9)
Central Missouri Community Action	2,278	1,139	\$12,240	0.24%	\$12,244	\$26,484	\$35,488	
Kansas City Neighborhood & Comm Serv Dep	5,370	2,685	\$3,094	0.35%	\$3,095	\$6,079	\$16,076	
North East Community Action Corporation	14,433	7,217	\$65,426	1.29%	\$65,428	\$111,774	\$121,774	
Green Hills Community Action Agency	3,300	1,650	\$6,526	0.13%	\$6,525	\$13,051	\$17,991	
West Central Missouri Community Action Agency	1,000	500	\$2,220	0.04%	\$2,219	\$4,438	\$15,635	
Urban League	1,000	500	\$3,306	0.06%	\$3,305	\$6,611	\$376,666	
Community Action Agency of SLC	225,340	112,670	\$24,675	0.40%	\$24,675	\$49,350	\$10,981	\$10,981
Community Services, Inc	1,000	500	\$1,000	0.00%	\$1,000	\$2,000	\$3,385	
Jefferson-Franklin Community Action Corp	10,000	5,000	\$5,641	0.10%	\$5,641	\$11,282	\$11,172	
Missouri Valley Community Action Agency	1,000	500	\$1,000	0.00%	\$1,000	\$2,000	\$3,385	
Missouri Ozarks Community Action	1,000	500	\$1,000	0.00%	\$1,000	\$2,000	\$3,385	
Northeast Mo Community Action Agency	1,000	500	\$1,000	0.00%	\$1,000	\$2,000	\$3,385	
East Missouri Action Agency	1,000	500	\$1,000	0.00%	\$1,000	\$2,000	\$3,385	
Delta Area Economic Opportunity Corp	1,000	500	\$1,000	0.00%	\$1,000	\$2,000	\$3,385	
TOTAL	200,000	100,000	\$1,000,000	0.50%	\$1,000,000	\$2,000,000	\$1,000,000	

Column 5 = Total UE Accounts by Agency x Agency Total % of Poverty Households to Total Poverty = Estimated UE Poverty Accounts by Agency