

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

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

Case No. GR-2003-0517

**STAFF MEMORANDUM RECOMMENDING APPROVAL OF REVISIONS TO
THE ENERGY EFFICIENT NATURAL GAS REBATE PROGRAM**

COMES NOW the Staff of the Missouri Public Service Commission and recommends that the Commission approve tariff with revisions to the Energy Efficient Natural Gas Rebate Program that was implemented in this case. In support of its request Staff states:

1. The Rebate Program in this case was implemented to encourage more effective utilization of natural gas by encouraging AmerenUE customers to purchase more energy efficient natural gas equipment.

2. On August 31, 2005, AmerenUE filed tariff sheets to modify the Rebate Program funding levels as a result of a review of the levels of participation in various program elements.

3. Since this program was implemented in the last rate case, it is not surprising that some changes to the tariff are necessary as experience with customer participation, or the lack of participation has led to greater understanding of how the program may be more effective.

WHEREFORE, the Staff respectfully requests that the Commission approve the proposed tariff sheets.

Respectfully submitted,

DANA K. JOYCE
General Counsel

/s/ Lera L. Shemwell

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Certificate of Service

I hereby certify that copies of the foregoing have been emailed, mailed, hand-delivered, or transmitted by facsimile to all counsel of record this 19th day of September 2005.

/s/ Lera L. Shemwell

MEMORANDUM

To: Missouri Public Service Commission Official Case File, Case No. GR-2003-0517,
Tariff File No. YG-2006-0154, Union Electric Company d/b/a AmerenUE

HW

From: Henry Warren, Energy Department – Tariffs/Rate Design

/s/ Thomas Imhoff 09/16/05
Utility Operations Division/Date

/s/ Lera L. Shemwell 09/19/05
General Counsel's Office/Date

Subject: Staff Recommendation to Approve Tariff Sheets Filed in Accordance with Stipulation
and Agreement to Revise the Energy Efficient Natural Gas Equipment Rebate Program

Date: 09/16/2005

On August 31, 2005, Union Electric Company d/b/a AmerenUE (UE or Company) filed tariff sheets proposing to revise and continue its Energy Efficient Natural Gas Rebate Program (the Rebate Program). UE makes this filing in compliance with the numbered paragraph "8" of the Unanimous Stipulation and Agreement (S&A) in Case No. GR-2003-0517, dated December 10, 2003, and approved on January 13, 2004. On December 23, 2004, the Commission issued an Order Directing Filing, ordering the Staff of the Commission to file its recommendation on the instant filing no later than January 21, 2005. The purpose of the Rebate Program is to encourage more effective utilization of natural gas by encouraging energy efficiency improvements with economic incentives for choosing high-efficiency natural gas equipment with the Energy Star (ES) rating.

The parties to the S&A agreed that UE "would provide funding in the amount of \$55,000 per year, payable on February 15 of 2004, 2005, and 2006, for an energy-efficient-equipment program in accordance with the general terms of the program recommended in the direct testimony of MoDNR [Missouri Department of Natural Resources] witness Ms. Anita Randolph," and that a collaboration consisting of representatives of the Company, Staff, the Office of the Public Counsel, and the MoDNR would develop the implementation details. The tariff sheets proposed on August 31, 2005, contain the results of that ongoing collaboration. The results of the initial Rebate Program were reviewed and changes in funding allocations are contained in the tariff sheets that reflect better participation in some programs than others, and the need for funding for marketing to raise awareness of the program among heating contractors.

Additional funding changes are the result of a carryover of 50% of the unused 2005 Rebate Program, \$13,774.18, in addition to the annual funding of \$55,000, for a total of \$68,774.18. The collaborative allocated \$875.18 for marketing the Rebate Program to heating contractors. The proposed tariff sheets allocate \$67,899 for the 2005-06 program as follows: \$10,333 for ES setback thermostats -- an increase of \$2,000 from last year; \$1,500 for low-cost energy measures (low-flow shower heads/aerators, water heater wrap, and hot water pipe insulation) -- a decrease of \$3,500 from last year; \$43,566 for residential ES rated natural gas furnace installations -- an increase of \$10,232 from last year; and \$12,000 for commercial ES rated natural gas utilization equipment installation -- an increase of \$3,667 from last year. The remaining 50% of the carryover is allocated to the 2006-07 Program.

The individual rebate amounts are the same as last year except for Commercial ES rated natural gas utilization equipment which is \$750 this year, a decrease of \$250. The purpose of the reduction is to allow for increased participation. The tariff language has been modified to clarify the maximum amount of the rebate. Individual rebate amounts are as follows: \$25, or 50% of the cost of purchase of one setback thermostat, whichever is lower; \$10 or 50% of the cost of the low-cost measures, whichever is lower; \$200, \$250, or \$400 for the purchase and installation of one ES rated boiler, furnace, or combined water heater furnace unit, respectively; and, \$750 or 50% of the cost for the purchase and installation of commercial ES rated natural gas utilization equipment, whichever is lower. The gas utilization equipment rebate is available only to General Service customers, while the other rebates are available only to residential customers. The Rebate Program is voluntary and available to any participant once. The participant should receive the rebate within eight to ten weeks after a properly completed application form is submitted. Rebate forms will be available on the Company's website (www.ameren.com).

The proposed tariff sheets bear an effective date of October 1, 2005, and the Rebate Program will conclude April 1, 2006, or when the applications for rebates exhaust the funds allocated.

The Commission's Energy Department Tariffs/Rate Design Staff (Staff) has reviewed this filing and has determined that the proposed tariff sheets comport with the S&A approved in Case No. GR-2003-0517. The Staff has verified that the Company has filed its annual report and is not delinquent on any assessment. Staff has reviewed this filing and is not aware of any issue currently pending before the Commission that affects, or is affected by, this filing. However, the following open cases involving this Company are before the Commission at this time:

EC-2005-0352	EE-2005-0486	EC-2005-0398	EC-2006-0002
EE-2005-0400	GR-2005-0102	GR-2006-0087	

Staff therefore recommends approval of the following tariff sheets, as filed on August 31, 2005 with an effective date of October 1, 2005:

P.S.C. Mo. No. 2 2nd Revised SHEET No. 78 Cancelling 1st Revised SHEET No. 78
P.S.C. Mo. No. 2 1st Revised SHEET No. 79 Cancelling Original SHEET No. 79
P.S.C. Mo. No. 2 1st Revised SHEET No. 80 Cancelling Original SHEET No. 80
P.S.C. Mo. No. 2 1st Revised SHEET No. 81 Cancelling Original SHEET No. 81

Copies: Director - Utility Operations Division
 Director - Utility Services Division
 Public Information Administrator
 General Counsel
 Manager - Procurement Analysis Department
 Manager - Energy Department
 Steven R. Sullivan - Vice President and General Counsel (AmerenUE)
 Office of the Public Counsel
 Shelley Woods - Missouri Department of Natural Resources

Table 1
AmerenUE Energy Efficiency Natural Gas Rebate Program
2005 Allocations and Expenditures and Allocations for 2005-06 and 2006-07

February 2005 - March 2005					
Description	Allocated	Rebated	Quantity	Goal	Funds Remaining
Thermostats	\$8,333	\$909	39	134	\$7,423.85
Low Cost Measures	\$5,000	\$42	10	500	\$4,957.52
Water Heater Wrap		\$12.30	2		
Pipe Insulation		\$10.18	6		
Shower Heads		\$20.00	2		
Furnace Systems	\$33,334	\$20,500	82	150	\$12,834.00
Boiler		\$0	0		
Furnace		\$20,500	82		
Comb Furnace/W-Heater		\$0	0		
Commercial Equipment	\$8,333	\$6,000	6	8	\$2,333.00
Totals	\$55,000	\$27,451.63	137		\$27,548.37

October 2005 - March 2006	
Carry forward 50% of 2005 remianing funds to 2005-06	\$13,774.18
Reallocated to Marketing 2005-2006	\$875.18
Reallocated to Rebates 2005-2006	\$12,899.00
Scheduled allocation for 2005-2006	\$55,000.00
Total tariff allocation for 2005-2006 Rebates	\$67,899.00
Total allocation for 2005-2006 Rebates and Marketing	\$68,774.18
Thermostats	\$10,833.00 433
Low Cost Measures	\$1,500.00 150
Water Heater Wrap	
Pipe Insulation	
Shower Heads	
Furnace Systems	\$43,566.00 174
Boiler	
Furnace	
Comb Furnace/W-Heater	
Commercial Equipment	\$12,000.00 16

2006-2007	
Carry forward 50% of 2005 remaining funds to 2006-07	\$13,774.19
Reallocated to Marketing 2006-2007	\$1,000.00
Reallocated to Rebates 2006-2007	\$12,774.19
Carry forward any remaining funds to 2006-2007	???
Scheduled allocation for 2006-2007	\$55,000.00
Augmented allocation for 06-07 Rebates and Marketing	\$68,774.19
Total allocation for 2006-2007 Rebates and Marketing	???
Thermostats	
Low Cost Measures	
Water Heater Wrap	
Pipe Insulation	
Shower Heads	
Furnace Systems	
Boiler	
Furnace	
Comb Furnace/W-Heater	
Commercial Equipment	