Exhibit No.:	
Issues:	Demand-Side Investment Mechanism
Witness:	Craig P. Aubuchon
Sponsoring Party:	Union Electric Company
Type of Exhibit:	Direct Testimony
Case No.:	ER-2022-____
Date Testimony Prepared:	December 1, 2021

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

CRAIG P. AUBUCHON

December 1, 2021
St. Louis, Missouri

DIRECT TESTIMONY

OF

CRAIG P. AUBUCHON

File No. ER-2021--____

Q. Please state your name and business address.

A. My name is Craig P. Aubuchon. My business address is One Ameren Plaza, 1901 Chouteau Ave., St. Louis, Missouri.

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

A. I am the Senior Manager, Energy Efficiency Operations, for Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company").

Q. What is the purpose of your testimony?

A. My testimony supports the revisions to Rider EEIC – Energy Efficiency Investment Charge of Ameren Missouri's Schedule No. 6 – Schedule of Rates for Electric Service, specifically 2nd Revised Sheet 91.23. The proposed revisions represent an adjustment of customer rates to reflect the actual and forecasted costs of the Company's approved energy efficiency programs.

Q. Please explain why Ameren Missouri is filing a revision to its Rider EEIC at this time.

A. The terms of Rider EEIC require a filing at least once per calendar year to be effective on February 1st the subsequent calendar year. The Missouri Public Service Commission's ("Commission") rules also require this filing to be made at least sixty (60) days in advance of when rates would become effective. The twelve month period beginning February 1 and ending with the following January is known as the Effective Period ("EP"). In this case, the EP is for February 1, 2022 through January 1, 2023. This is applicable unless an additional rider is filed, which shall begin on either June or October and end with the subsequent January.

Q. Please describe the components of the Rider EEIC filing.

A. As defined in Schedule No. 6 Sheet 91.15, the Energy Efficiency Investment Rate ("EEIR") is equal to the sum of the Net Program Costs ("NPC"), Net Throughput Disincentive ("NTD"), Net Earnings Opportunity ("NEO"), and Net Ordered Adjustment ("NOA") for the applicable effective period ("EP"), all divided by the Projected Energy ("PE") for the same period. The EEIR is calculated for each applicable rate class.

Each of the net components is equal to the projected value for the EP plus the reconciliation, or true-up value, for the same component over the prior period. The reconciliation can be either a positive or negative relative to the projected value for the same component used in the prior period.

Q. Please describe the impact of the change in the Energy Efficiency Investment Rate ("EEIR") on the Company's customers.

A. For the period February 1, 2021 to January 31, 2022, the MEEIA Rider EEIC revenue requirement was $145.3 million. This Rider EEIC filing seeks a decrease of $53.4 million from the current level of such costs in the Company's rates, for a total MEEIA Rider EEIC revenue requirement of $91.9 million.

The forecasted costs[1] for February 2022 through January 2023 as well as a reconciliation of the historical costs as described above are depicted in Table 1 below. Totals are provided for each service class.

[1] Forecasted costs include the PY2020 Earnings Opportunity that was approved by the Commission in September 2021.

TABLE 1 – Total EEIR Revenue Requirement

Service Class	Total Reconciled Costs*	Total Forecasted Costs†	Total
1(M)-Residential Service	$3,773,731	$42,243,957	$46,017,689
2(M)-Small General Service	($1,672,929)	$12,192,236	$10,519,306
3(M)-Large General Service	($2,836,160)	$25,122,895	$22,286,736
4(M)-Small Primary Service	($1,080,296)	$10,471,646	$9,391,350
11(M)-Large Primary Service	($377,475)	$4,030,490	$3,653,015
12(M)-Large Transmission Service	$0	$0	$0
Total	**($2,193,129)**	**$94,061,225**	**$91,868,096**

*Total Reconciled Costs = Program Cost Reconciliation + Throughput Disincentive Reconciliation + Earnings Opportunity Reconciliation + Ordered Adjustment Reconciliation as defined in Rider EEIC
†Total Forecasted Costs = Projected Program Costs + Projected Throughput Disincentive + Earnings Opportunity + Ordered Adjustment as defined in Rider EEIC

This results in the EEIR amounts as depicted in Table 2 below, for the EP beginning February 1, 2022:

TABLE 2 – EEIR Charge by MEEIA Program

Service Class	MEEIA 2 Subtotal ($/kWh)	MEEIA 3 Subtotal ($/kWh)	Total EEIR ($/kWh)
1(M)-Residential Service	($0.000052)	$0.003809	$0.003757
2(M)-Small General Service	($0.000111)	$0.003541	$0.003430
3(M)-Large General Service	($0.000094)	$0.003356	$0.003262
4(M)-Small Primary Service	($0.000049)	$0.003276	$0.003227
11(M)-Large Primary Service	$0.000097	$0.002883	$0.002980
12(M)-Large Transmission Service	$0.000000	$0.000000	$0.000000

Filed concurrently with my direct testimony is the tariff sheet that contains the EEIR, along with the relevant subcomponents. The new EEIR will result in charges of approximately $3.84 per month for an average residential customer. This represents a decrease of $1.59 per month (29%) from the prior charge, which represented approximately $5.43 for the average residential customer. Notably, all customer classes experience a decrease in the average monthly bill impact.

Q. What are the main drivers for the change in the EEIR?

A. Overall the revenue requirement request reflects a decrease of $53.4 million.

As shown in Table 3, the current EEIR revenue requirement is driven almost exclusively by forecasted costs for 2022. The decrease in revenue requirement is due to lower Commission approved budgets[2], with correspondingly lower throughput disincentive.

TABLE 3 – EEIR Revenue Requirement by MEEIA Program

Service Class	Total Reconciled Costs*	Total Forecasted Costs†	Total
MEEIA 2016-2018	($1,638,874)	$1,394	($1,637,479)
MEEIA 2019-2021	($554,255)	$94,059,831	$93,505,576
Total	**($2,193,129)**	**$94,061,225**	**$91,868,096**

*Total Reconciled Costs = Program Cost Reconciliation + Throughput Disincentive Reconciliation + Earnings Opportunity Reconciliation + Ordered Adjustment Reconciliation as defined in Rider EEIC
†Total Forecasted Costs = Projected Program Costs + Projected Throughput Disincentive + Earnings Opportunity + Ordered Adjustment as defined in Rider EEIC

The prior Rider also reflected the remaining recovery of the MEEIA 2016-2018 earnings opportunity. Collections for MEEIA 2016-2018 are largely complete; this filing includes remaining costs associated with the conclusion of long lead projects.

As shown in Table 3, reconciliation costs are also lower than in prior years, indicating that actual collections largely matched forecasted collections.

Q. Is there additional information about this filing to highlight?

A. Yes. While not significant drivers to the overall request, this filing does include relevant modifications to the NPC, NTD, NEO, and NOA as appropriate, based on past and projected program operations. For simplicity and transparency, I describe each of these in turn. Individual calculations are described in the workpapers, which are described further at the end of my testimony.

[2] Commission approved program budgets for 2022 are 11 percent lower than for PY2021.

Net Program Costs ("NPC")

- Net program costs include the approved program budgets that are projected to be spent during the EP for both the PY22 and PY23 plans. In general, approved program costs for PY22 and PY23 are lower than those same program costs for PY21.
- Projected costs for the EP do not include the additional $500,000 that was recently approved for evaluation, measurement & verification ("EM&V") research and urban heat island potential study in 2022.[3] Those costs will be included as part of the reconciliation in future Rider EEIC filings, based on the final and actual scope of work and actual expenditures.
- For the first time, NPC also includes a forecast of expected co-delivery credits from natural gas utilities. The forecast of these credits is based on expected project delivery and past program performance. Co-delivery credits serve as an offset to expected electric expenditures.

Net Throughput Disincentive ("NTD")

- Projected TD for PY22 and PY23 is calculated assuming an 82.5% net to gross, as defined in the relevant stipulation and agreements. Future reconciliations of TD for these program years will be limited to the impact of realization rates and will not include a review of actual net to gross impacts. In contrast, TD associated with prior years was projected with an 85% net to gross ratio and reconciled against evaluated net realization rates in subsequent Rider EEIC filings.

[3] See paragraph in *Order Approving Stipulation and Agreement Regarding MEEIA Plan Year 2023, Approving Tariff Sheet, and Granting Variances* issued October 27, 2021 in File No. EO-2018-0211. In particular, that stipulation and agreement notes that this represents an upper limit than a specific forecast.

- The NTD calculation reflects the rebasing of MEEIA related savings during the current rate review. For the purposes of this Rider EEIC filing, TD values are rebased (assumed to be in base rates) for the period through September 2021 and assumed to be effective in March 2022. If an actual outcome of the case, whether that be through a settlement or a Commission order on a contested case, is reached in ER-2021-0240 that assumes or includes a different annualization period for MEEIA savings, then TD will be reconciled to a rebasing value derived from that period in the immediate next Rider EEIC filing.
- The Home Energy Report ("HER") program will be discontinued at the end of the Program Year 2021 ("PY21") on December 31, 2021. The final HER was provided to customers in October 2021. This filing assumes that there are no HER savings beyond 2021.

Net Earnings Opportunity ("NEO")

This filing includes the net earnings opportunity for Program Year 2020, which reflects both the $100,000 reduction to its 2020 earnings as agreed to with parties and the 2020 throughput disincentive true-up.[4]

[4] See Paragraphs 8 and 9 of the *Agreement in Lieu of Change Requests* in File No. EO-2018-0211, filed on September 2, 2021, and approved by the Commission on September 3, 2021. Para 8 stated, "Ameren Missouri agrees to a $100,000 reduction to its PY2020 earnings opportunity, to be reflected in its next Rider Energy Efficiency Investment Charge filing." Para 9 stated, "The Company will rely on the final and filed *PY 2020 EM&V Report* for the purposes of calculating its throughput disincentive as part of the Energy Efficiency Investment Charge rider."
The TD true-up is recognized in the Company's net earnings, following the Commission Order. Therefore, it is included here for brevity under the broader heading of NEO.

Net Ordered Adjustment ("NOA")

This filing includes two ordered adjustments ("OA"), as agreed to during the settlement of the most recent prudence review.[5] This includes an OA of $153,732.06 for expenditures related to advertising with the outfield sign with the St. Louis Cardinals and a $50,000 OA credit to customers (including interest) that was negotiated in the settlement of the prior prudence review. The true-up of these OA reflect a reduction to the MEEIA Rider EEIC revenue requirement and are allocated across all rate classes.

Q. Please describe how the Company has included costs related to its PAYS program in the current Rider EEIC?

A. 2021 is the first year for the Company, and any utility in Missouri, to offer a Pay As You Save® ("PAYS®") program. In addition to program costs and throughput disincentive associated with PAYS® related savings, the Company is also allowed to recover applicable financing costs from non-participants.[6] Financing expense for completed projects in 2021 are included as a reconciliation. Financing expenses for projected projects in 2022 are also included. The Company was authorized to provide up to $5 M of customer financing in 2021 and $10 M of customer financing in 2022. Program performance in 2021 fell short of initial planning assumptions, particularly with respect to the ability to convert qualifying projects to a final offer. Accepted or completed projects have also had a lower savings per project than initially forecast.[7]

[5] See Paragraphs 3 and 4 of the Stipulation and Agreement Regarding Adjustments to Ameren Missouri's EEIR, filed on June 25, 2021 and as approved by the Commission on July 8, 2021, in EO-2021-0157.
[6] See *Order Approving Stipulation and Agreements* in File No. EO-2018-0211 issued on August 5, 2020. Specifically, see Paragraph 7 in "*Unanimous Stipulation and Agreement Regarding the Implementation of Certain MEEIA Programs through Plan Year 2022,*" which states that "non-participants will be charged the difference between pre-tax Plant-In-Service Accounting ("PISA") rate and the 4% financing cost (when not transitioned to base rates). The cost of financing to non-participants is a MEEIA cost similar to throughput disincentive since it is not part of the program budget, and will be a recoverable expense through Rider EEIC."
[7] See, for example, the Direct Testimony of Craig P. Aubuchon in File No. EO-2018-0211, filed on July 2, 2021 at pp. 14-16.

Customers may choose not to move forward with a PAYS® project for multiple reasons; 2021 EM&V will include customer surveys to help better understand these barriers.

Based on program performance in 2021, and the lower than expected uptake of projects, projected financing expenses and projected TD for PAYS® in 2022 are based on $2 M of financed projects, as opposed to the maximum of $10 M. Differences from this projection will be reconciled in future years.

This Rider also includes a reconciliation for approximately $60,000 of labor expenses that were required for startup activities, related to digital web and billing enhancements for PAYS® customers. These expenses have been included in the base rate review in ER-2021-0240 and therefore, are removed from expenses included in this Rider EEIC.

Q. What action is Ameren Missouri requesting from the Commission with respect to the revised Rider EEIC rate schedule that the Company has filed?

A. The Company requests approval of the revised tariff pages and Rider EEIC rate schedule to become effective on and after February 1, 2022.

Q. Are there other filing requirements which need to be provided?

A. The Commission's rules, specifically 20 CSR 4240-20.094(4)(D), requires that Ameren Missouri be current with its provision of the Annual Report required by 20 CSR 4240-20.093(9). That report was filed on March 31, 2021, in File No. EO-2021-0242. There was a 30-day comment period following that report's submission, and no party filed comments. Subsequently, the Commission subsequently closed that File on May 4, 2021. In addition, I have attached the supporting documentation as Schedules:

- CPA2: MEEIA Rider Calculations

- CPA3: Over under calculations, including supporting files for interest rates and PAYS® financing charges
- CPA4: MEEIA Rider Calculations supporting data
- CPA5: MEEIA 3 PY2020 EO Calculation TD Adjustment and supporting files, including evaluated results
- CPA6: MEEIA 3 PY2020 EO Calculation, and
- CPA7: MEEIA 2016-2018 Long Lead EO Calculation TD Adjustment
- CPA8: Supporting input files related to TD calculations, including rebasing, by program year

Q. Does this conclude your direct testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's Electric Service Tariffs Adjustment Relating To MEEIA EEIC Rider.	)))	File No. ER-2022-____

AFFIDAVIT OF CRAIG P. AUBUCHON

STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

Craig P. Aubuchon, being first duly sworn on his oath, states:

1. My name is Craig P. Aubuchon. I am employed by Ameren Missouri as Senior Manager, Energy Efficiency.

2. Attached hereto and made a part hereof for all purposes is my corrected Direct Testimony on behalf of Union Electric Company, d/b/a Ameren Missouri, consisting of 9 pages and Schedule(s): Schedule CPA-D1, CPA-D2, CPA-D3, CPA-D3A, CPA-D3B, CPA-D4, CPA-D5, CPA-D5A, CPA-D5B, CPA-D5C, CPA-D6, CPA-D7, CPA-D7A, CPA-D7B, CPA-D7C, CPA-D7D, CPA-D7E, CPA-D8, CPA-D8A, CPA-D8B, CPA-D8C, CPA-D8D, CPA-D8E, CPA-D8F, CPA-8G, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. Further, under the penalty of perjury, I declare that my answers contained in the attached testimony to the questions therein propounded are true and correct.

/s/ Craig P. Aubuchon
Craig P. Aubuchon

Subscribed to me this 1st day of December, 2021.