

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

In the Matter of Union Electric Company d/b/a Ameren)	0142	
Missouri's Filing to Implement Regulatory Changes in)		Case No. EO-2012- 1042
Furtherance of Energy Efficiency as allowed by MEEIA)		

NOTICE OF EXTRA-RECORD COMMUNICATION

Issue Date: June 4, 2012

On June 4, 2012, we received the attached correspondence from Lockheed Martin Corporation by US Mail.

Respectfully submitted,



Kevin D. Gunn, Chairman



Robert S. Kenney, Commissioner

Dated at Jefferson City, Missouri,
on this 4th day of June, 2012.

Lockheed Martin Corporation
2275 Research Boulevard, Rockville, MD 20850

LOCKHEED MARTIN 

Dr. Roger D. Flanagan
Director, Energy Solutions

May 29, 2012

The Honorable Kevin Gunn
Chairman
Missouri Public Service Commission
200 Madison Street, PO Box 360
Jefferson City, Missouri 65102-0360
Sent via email to kevin.gunn@psc.mo.gov

Subject: Ameren Missouri MEEI A Filing (E0-2012-0142)

Dear Chairman Gunn:

Since the inception of their Business Energy Efficiency Program in 2009, Lockheed Martin has had the privilege of providing third-party implementation services to Ameren Missouri to facilitate their efforts to increase energy efficiency within their service territory. The results of this program exemplify the inherent demand for energy efficiency services and incentives throughout the state of Missouri.

As Director of Lockheed Martin's Energy Solutions group, I wish to share our experiences in Missouri and throughout the United States as you evaluate Ameren Missouri's January 20, 2012, MEEIA filing as I believe they may provide comparative insights that you will find helpful.

Offering a suite of services and products to facilitate energy efficiency, demand response and smart grid operations, Lockheed Martin currently provides third-party energy efficiency program implementation services in eleven states: Missouri, Indiana, Wisconsin, Maryland, New York, Massachusetts, Vermont, Rhode Island, Washington, Oregon and California. Eight of these states rank in the top 10 of the American Council for an Energy-Efficient Economy 2011 State Energy Efficiency Scorecard Ranking [Massachusetts (#1), California (#2), New York (#3), Oregon (#4), Rhode Island/Vermont/Washington (#5 tie) and Maryland (#10)].

While I would like to credit Lockheed Martin's contributions to this superior performance, most of the credit belongs to state regulatory bodies that recognize the necessity of neutralizing the throughput disincentive through decoupling or effective Demand-Side Program Investment Mechanisms (DSIM). These mechanisms insure timely recovery of lost contributions to fixed costs while providing a performance incentive to motivate utilities to promote energy efficiency within their service territory. It is apparent through the Regulatory Assistance Project's State Energy Efficiency Policy Inventory that those states that allow prompt revenue recovery and performance incentives experience the largest payback from energy efficiency programs.

Given our experience, we welcomed the passage of the Missouri Energy Efficiency Investment Act (MEEIA) in 2009, which reinforced the need to recover program costs and remove the throughput disincentive, with provisions for performance incentives and shared benefits, for the utilities in a timely fashion. History has demonstrated that multi-faceted DSIM covering these provisions provides the necessary

stimulus, while insuring the financial integrity of the utilities' finances, to promote investment in energy efficient equipment and processes.

While Ameren Missouri has incurred financial losses due to the regulatory tag intrinsic to the traditional rate-making process, the energy efficiency program has served as a valuable tool to the many customers, trade allies, vendors, and service providers that used the program to stimulate local investment in building and system upgrades.

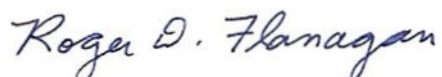
Ameren Missouri's Business Energy Efficiency Program helped sustain many small business owners and employees during a very difficult economic period as more than 8600 energy efficiency measures- ranging from simple lighting retrofits to the upgrade of industrial compressed air systems – were installed as part of over 3300 projects throughout the service territory. During a time when many businesses were considering closing facilities throughout the country, the utility sponsored program convinced them to *invest* in their plants and stores reducing the likelihood that those sites would be closed. From 2009 through 2011, more than 200 "trade allies" (i.e. local vendors, distributors, engineering firms and service providers) and thousands of Missouri-based businesses contacted program staff for assistance in identifying, assessing and funding energy efficiency investments to reduce their operating costs.

However, as Ameren Missouri invested in the local economy, they experienced a growing revenue reduction as a result of their program's success. There is an irony that Ameren Missouri's contribution to the Missouri economy in millions of dollars of energy efficiency investments comes at a cost to its own operations. Therefore, it is essential to the continuation of both exemplary service and the energy efficiency programs that customers want, to authorize the use of a DSIM mechanism that will benefit customers, communities, and utilities. Ameren Missouri has proposed such a mechanism.

Based on the enactment of MEEIA and the rulemaking actions of the Public Service Commission, Lockheed Martin is confident that the Commission will recognize the necessity of timely cost recovery, remove the throughput disincentive, and allow Ameren Missouri to continue to provide incentives to maintain the momentum of energy efficiency progress in the state.

Lockheed Martin looks forward to the opportunity to continue to serve Ameren Missouri's customers and looks forward to the day when Missouri will rank among the top ten states for energy efficiency.

Sincerely,



Dr. Roger Flanagan, Director Energy Solutions
Lockheed Martin Corporation

Copy: Terry Jarrett, Commissioner, Missouri Public Service Commission, terry.jarrett@psc.mo.gov
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