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MISSOURI PUBLIC SERVICE COMMISSION

Case No. ER-2011-0028

SURREBUTTAL TESTIMONY

OF

DANIEL G. LAURENT

ON

BEHALF OF

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

**St. Louis, Missouri
April, 2011**

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1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **DANIEL G. LAURENT**

4 **CASE NO. ER-2011-0028**

5 **I. INTRODUCTION**

6 **Q. Please state your name and business address.**

7 A. My name is Daniel G. Laurent. My business address is One Ameren Plaza,
8 1901 Chouteau Avenue, St. Louis, Missouri 63103.

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

10 A. I am employed by Union Electric Company d/b/a Ameren Missouri (“Ameren
11 Missouri” or “Company”) as Manager Energy Efficiency and Demand Response.

12 **Q. Are you the same Daniel G. Laurent who filed rebuttal testimony in this**
13 **case?**

14 A. Yes, I am.

15 **II. PURPOSE AND SUMMARY OF TESTIMONY**

16 **Q. What is the purpose of your testimony in this proceeding?**

17 A. Ameren Missouri has successfully developed and implemented cost-effective
18 energy efficiency programs for the benefit of our residential and non-residential customers. The
19 purpose of my testimony is to respond to portions of the rebuttal testimony of Missouri Public
20 Service Commission Staff member John Rogers, to provide clarification on Ameren Missouri's
21 energy efficiency expenditures and to briefly discuss future program design that coincides with
22 the energy efficiency regulatory mechanisms described in Company witnesses Richard Mark and
23 William Davis' testimony.

1 **Q. Based on your experience implementing energy efficiency programs to date,**
2 **what is your perspective on the future of customer-focused energy efficiency programs at**
3 **Ameren Missouri?**

4 A. Energy efficiency programs have provided a constructive opportunity for the
5 Company's customers to manage their energy costs and to develop more sustainable methods of
6 meeting their energy needs. Ameren Missouri would like to take advantage of the significant
7 progress made by the Company, trade allies, retailers, contractors and customers and continue
8 these efforts to capture the additional energy savings that energy efficiency offers. Approving
9 the constructive regulatory policies and mechanisms outlined by Mr. Mark and Mr. Davis will
10 allow Ameren Missouri to leverage the energy efficiency momentum that currently exists in the
11 marketplace and capture additional energy savings.

12 **III. FUTURE OF AMEREN MISSOURI ENERGY EFFICIENCY PROGRAMS**

13 **Q. Mr. Rogers testifies that Ameren Missouri should be encouraged to file for**
14 **approval of its energy efficiency programs, either under the upcoming MEEIA rules or**
15 **under Section 393.1075, RSMo. Does Ameren Missouri agree?**

16 A. No. According to Ameren Missouri's legal department there is no reason that
17 Ameren Missouri's programs cannot be approved as a part of this case, which would meet the
18 requirement of the MEEIA statute that programs be approved by the Commission. The programs
19 are proven and have demonstrated their ability to achieve cost effective energy savings at a lower
20 cost than the Company had originally anticipated. The Company does not plan to significantly
21 deviate from its current programs in the next couple of years.

22 **Q. How much did Ameren Missouri spend on its electric energy efficiency**
23 **programs in 2010?**

1 A. Ameren Missouri spent approximately \$23.3 million on electric energy efficiency
2 programs in 2010. That amount is different than the \$28 million indicated by Mr. Rogers in his
3 rebuttal testimony on page 4, lines 16-18. The \$28 million quoted by Mr. Rogers included
4 interest on the regulatory asset account and the Lighting and Appliance Program costs that were
5 deferred in Case No. ER-2010-0036.

6 **Q. What electric energy efficiency programs are currently offered under the**
7 **Company’s existing residential and business energy efficiency tariffs?**

8 A. The existing residential electric energy efficiency programs include:

- 9 • Lighting and Appliance Program
10 • Social Marketing Distribution Program
11 • Multi-Family Income Qualified Program
12 • HVAC CheckMe! Program
13 • Refrigerator Recycling Program

14 The existing business electric energy efficiency programs include:

- 15 • Standard Incentive Program
16 • Custom Incentive Program
17 • New Construction Incentive Program
18 • Retro-Commissioning Program

19 **Q. Have the existing programs been evaluated by an independent Evaluation,**
20 **Measurement and Verification (“EM&V”) contractor?**

1 A. Yes. All of the programs have received at least one impact evaluation and one
2 process evaluation,¹ except for the Residential HVAC CheckMe! program. The HVAC
3 CheckMe! program was implemented July 28, 2010, and has not undergone an impact
4 evaluation. The Cadmus Group conducted the independent evaluation on the residential
5 portfolio of programs and ADM Associates, Inc. conducted the independent evaluation on the
6 business portfolio of programs. The evaluations have all been sent to the regulatory
7 stakeholders.

8 **Q. What information did the evaluations provide?**

9 A. The independent evaluations indicate that Ameren Missouri's portfolio of
10 residential and business energy efficiency programs have achieved substantial, cost effective
11 energy savings at a lower cost than the Company had originally anticipated.

12 **Q. When do the electric energy efficiency services offered under the existing**
13 **tariffs expire?**

14 A. The electric energy efficiency services offered under the existing tariffs end on
15 September 30, 2011.

16 **Q. What energy efficiency programs is Ameren Missouri planning to provide**
17 **after that date?**

18 A. Ameren Missouri would like to continue its current slate of programs. If the
19 constructive regulatory policies and mechanisms outlined by Mr. Mark and Mr. Davis are
20 approved Ameren Missouri asks the Commission to extend the existing tariffs through 2013 and
21 allow the Company to update the tariffs to reflect current market conditions. The Commission

¹ Impact evaluation is determining the energy and demand savings of the program. Process evaluation is assessing the effectiveness of the program implementation processes.

1 should take this action, consistent with the language of the Missouri Energy Efficiency
2 Investment Act (“MEEIA”) and with the suggestion of Mr. Rogers that the Company seek
3 approval under the MEEIA statute.

4 **Q. Assuming the Commission approves the constructive energy efficiency**
5 **regulatory policies and mechanisms the Company proposed what are the Company’s plans**
6 **for the future electric energy efficiency programs?**

7 A. As I stated, the Company’s 2012 and 2013² electric energy efficiency programs
8 are a continuation of the existing programs, which have been proven successful. The programs
9 will be improved reflecting current market conditions and valuable input from the program
10 implementation and evaluation contractors. For example, due to the expected impact of the
11 Energy Independence and Security Act 2007 (EISA) standards, the business portfolio of
12 programs will begin utilizing fluorescent T-8s as the new lighting baseline and the residential
13 portfolio of programs will begin to shift emphasis away from standard CFLs towards specialty
14 bulbs. Although some details will change, the programs will remain essentially the same.

15 Ameren Missouri proposes to file new program tariffs reflecting these improvements no
16 later than August 15, 2011, with a proposed effective date of October 1, 2011, to ensure
17 continuity with the services offered under the existing program tariffs. The portfolio of
18 programs will be designed to achieve energy savings of 136,524 MWhs in 2012 and 120,965
19 MWhs in 2013, consistent with the constructive regulatory policies and mechanisms proposed by
20 Mr. Mark and Mr. Davis. As it has done previously, the Company will have the programs
21 evaluated by an independent EM&V contractor on an annual basis and the evaluation reports will
22 be forwarded to the regulatory stakeholders for review.

² Additionally, the Company would continue the programs between September 30 through the end of 2011.

1 **IV. RECOVERY OF LIGHTING & APPLIANCE PROGRAM COSTS**

2 **Q. Have any evaluation results for the Lighting & Appliance Program changed**
3 **since your rebuttal testimony?**

4 A. Upon further input from our evaluators, The Cadmus Group, the TRC for the
5 Lighting & Appliance Program has been recalculated and is 2.68 instead of 2.63.

6 **Q. Does this change impact your argument that the costs of the Lighting &**
7 **Appliance Program should be recovered?**

8 A. No, the TRC results are better than those I cited in my rebuttal testimony.

9 **VI. SUMMARY OF TESTIMONY AND CONCLUSIONS**

10 **Q. Please summarize your testimony and conclusions.**

11 A. Ameren Missouri is seeking constructive regulatory treatment so that it may
12 continue aggressively pursuing electric energy efficiency. The Company spent approximately
13 \$23.3 million on the portfolio of electric energy efficiency programs in 2010. Ameren Missouri
14 asks the Commission to approve:

- 15 • The constructive regulatory policies and mechanisms outlined by
16 Company witnesses Richard Mark and Bill Davis ;
- 17 • The Company's request to extend the existing tariffed programs through
18 2013; and
- 19 • The inclusion of the Residential Lighting & Appliance Program costs in
20 rates.

21 This will allow Ameren Missouri to leverage the energy efficiency momentum that currently
22 exists in the marketplace and capture additional significant energy savings in the future.

1 **Q. Does this conclude your surrebuttal testimony?**

2 A. Yes, it does.

