Exhibit No.:	
Issue(s):	Energy Efficiency Cost Recovery
Witness:	Daniel G. Laurent
Sponsoring Party:	Union Electric Company
Type of Exhibit:	Rebuttal Testimony
Case No.:	ER-2011-0028
Date Testimony Prepared:	March 25, 2011

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2011-0028

REBUTTAL TESTIMONY

OF

DANIEL G. LAURENT

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a Ameren Missouri

St. Louis, Missouri
March, 2011

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REBUTTAL TESTIMONY

OF

DANIEL G. LAURENT

CASE NO. ER-2011-0028

I. INTRODUCTION

Q. Please state your name and business address.

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

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

A. I am Manager, Energy Efficiency and Demand Response for Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company").

Q. Please describe your educational background and employment experience.

A. I joined Central Illinois Public Service Company ("CIPS") as Meter/Distribution Engineer in June of 1988 and held several positions in engineering, customer service and marketing before being promoted to the Marketing Manager prior to the merger of CIPS and Union Electric Company in 1998. After the merger, I was named Manager, Pricing and Contract Administration for Ameren Services. After holding Manager positions in Marketing, Business Development and Regulatory Compliance, I was promoted to my current position within Ameren Missouri. I have a Bachelor of Science Degree in Electrical Engineering from the University of Illinois and a Master of Business Administration from Webster University.

II. PURPOSE AND SUMMARY OF TESTIMONY

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

A. Ameren Missouri recognizes the benefits of utility-sponsored energy efficiency programs and has successfully developed and implemented cost-effective programs for the benefit of our residential and non-residential customers.

The purpose of my testimony is to respond to direct testimony submitted by other parties in this case as it relates to energy efficiency. I will specifically respond to testimony regarding:

(1) Success of the Ameren Missouri's energy efficiency programs;

(2) Recovery of the Residential Lighting and Appliance energy efficiency program costs; and

(3) Low Income Weatherization Funds.

Q. Which testimony and parties are you referring to in your prior answer?

A. I am referring to the portions of the Staff Report Revenue Requirement Cost of Service ("Staff Report") contributed by Staff witnesses John A. Rogers and Henry E. Warren. I am also referring to the direct testimony submitted in this case from Missouri Department of Natural Resources Division of Energy ("DNR") witness Laura Wolfe.

Q. Did the Office of Public Counsel ("OPC") submit direct testimony on energy efficiency?

A. No, to date, they have not.

III. SUCCESS OF AMEREN MISSOURI'S ENERGY EFFICIENCY PROGRAMS

Q. Ms. Wolfe characterized program savings as declining from 2009 to 2010 as reflected in her Schedule LAW-Direct-3. Do you agree with this assessment?

A. No, there was a misunderstanding about the data which Ms. Wolfe used to create Schedule LAW-Direct-3. The numbers shown are correct, however they are program year values, not calendar year values. The correct estimated data through February 2011 is shown in Schedule DGL-ER1. As of February 28, 2011, the Company achieved 61% of the three-year MWh goal for the residential portfolio, and spent 50% of the three-year projected budget. For the business portfolio, the Company achieved 53% of the three-year MWh goal and spent 39% of the three-year projected budget. Ameren Missouri is on track to achieve the 2008 Integrated Resource Plan ("IRP") energy efficiency MWh goals by the end of 2011 within the three-year IRP projected budget.

Q. In the Staff Report, Mr. Rogers states that Ameren Missouri has not implemented all of the programs planned in the 2008 IRP. How do you respond to that?

A. While Mr. Rogers is technically correct, the Commission should not be concerned by this fact. The Integrated Resource Plan outlines a cost effective strategy to implement energy efficiency programs at a particular point in time. By the time the IRP planning process has been initiated and completed, energy efficiency program implementers have been hired, and the utility begins to implement programs, more than two years may have passed since the initial energy efficiency program plan was developed for the IRP. In addition, the program implementers and evaluators often

provide valuable input to the portfolio and program design due to their experience in implementing programs. Review of evaluation reports and assessment of current market conditions also contribute to dynamic program designs.

The time lag between the initial program design and ultimate implementation can often lead to constructive changes to initial program plans. As Ms. Wolfe acknowledged in her direct testimony, "The IRP is based on what is known at the time of the study. It is not uncommon, however, in the course of designing, implementing and administering DSM programs that a utility learns of other DSM opportunities that may not have been considered before."[1]

Ms. Wolfe also notes that "Ameren Missouri has also shown a willingness to seek out alternative program designs and target customers in order to achieve success."[2] This has been demonstrated by Ameren Missouri's successful implementation of the Appliance Recycling, Multi-Family Income Qualified and Social Marketing Distribution programs which were not included in the 2008 IRP.

Ameren Missouri is committed to implementing cost-effective programs that achieve the MWh savings within the projected budget outlined in the 2008 IRP, not to implement the exact programs originally outlined in the IRP. The program design should be dynamic, not static, and keep current with changing market conditions.

[1] Direct testimony of Laura Wolfe, p. 8, l. 5-8.
[2] Id, p. 18-19.

IV. RECOVERY OF LIGHTING AND APPLIANCE PROGRAM COSTS

Q. Do you agree with Mr. Rogers that the costs of the Lighting and Appliance Program should be deferred until after an evaluation has been completed?

A. No. The costs of the Lighting and Appliance program incurred to date should be included in rates. Delaying the recovery of these costs further increases regulatory lag and provides a strong disincentive for Ameren Missouri, or any utility, to pursue energy efficiency programs. Staff's position on this issue is tantamount to assuming imprudence of utility energy efficiency program investments until proven otherwise.

Ameren Missouri tracks program progress through detailed reporting received on a monthly basis from Applied Proactive Technologies ("APT"), the Lighting and Appliance program implementer. In addition to the monthly report, Ameren Missouri holds weekly meetings with APT program and implementation staff to discuss program status and opportunities.

Data from the tracking system is used to calculate the estimated monthly energy savings which is reported and discussed at our quarterly Regulatory Stakeholder Meetings, with the Staff, DNR, OPC and other stakeholders, in the format shown in Schedule DGL-ER1.

Q. Has the Lighting and Appliance Program been successful?

A. Yes. The reports we've provided to the stakeholder group to date indicate the Lighting and Appliance Program is on target to exceed the program goals outlined in the 2008 IRP.

Q. Do you agree with Staff's assertion that the Lighting and Appliance program benefits are very difficult to measure?

A. No, the Company does not share their concern. The Company hired an independent, third party contractor, The Cadmus Group ("Cadmus"), to evaluate our portfolio of residential energy efficiency programs. Cadmus has national experience evaluating similar programs and has developed a robust approach that is being utilized by several utilities in numerous states throughout the country. Cadmus has expressed no concerns pertaining to the accurate evaluation of the Lighting and Appliance program and has explained their evaluation approach to the regulatory stakeholders on multiple occasions.

It is useful to remember the purpose of evaluation. Evaluation will verify that the program savings are what was expected, or make adjustments, up or down, as necessary. Evaluation doesn't eliminate the need for deemed savings values or engineering estimates for program tracking prior to evaluation. These estimates are valid methods to report program progress, and evaluation is used to provide a true-up at the end of a program cycle. Evaluation is also used to recommend process improvements.

Ameren Missouri initiated a "best practice" energy efficiency program evaluation process. Evaluators were hired early in the program implementation cycle and were asked to review and comment on estimated savings values, review databases to determine if the necessary data was being tracked, perform site visits throughout the program year, and suggest program improvements whenever concerns arise. Ameren Missouri conducts weekly calls with the evaluators to discuss program and evaluation progress. Instead of the historical model where an evaluator reviews a program after the three-year program

cycle has been completed, Ameren Missouri's evaluation contractors have been providing continuous evaluation services. As a result, the Company would not expect any major surprises upon completion of the annual evaluation report as we would have already been apprised of any concerns that evaluators might have with a particular program.

Q. Has Ameren Missouri received the Program Year 2 Lighting and Appliance program evaluation results?

A. Yes. Ameren Missouri has received the evaluation report completed by Cadmus and has provided this report to the regulatory stakeholders.

The program's evaluated results exceeded its goals for energy savings. The results of an hours of use study in the Company's territory indicate customers use compact fluorescent lights ("CFLs") an average of 2.91 hours per day, considerably higher than the conservative estimate of 2.34 hours used by APT to estimate energy savings. The Net-to-Gross Ratio of the lighting portion of the program is 96%, much higher than the conservative 80% that was used to estimate savings.

According to the evaluation, retailers reported the program has been successful in increasing the supply of energy efficient CFLs and appliances in the market and most retailers report significant increases in their sales due to the program.

The Company recalculated the Lighting and Appliance program Total Resource Cost ("TRC") test based upon the Cadmus evaluation results and found the revised program TRC to be 2.63. Programs passing the TRC test (that is, having a benefit to cost ratio greater than 1.0) result in a decrease in the total cost of energy services to all electric ratepayers.

Based on the evaluation results, the Lighting and Appliance Program has proved to be very successful, is cost effective and is appreciated by and beneficial to Ameren Missouri's customers. The costs of the Lighting and Appliance program incurred to date should be included in rates.

V. LOW INCOME WEATHERIZATION

Q. Do you agree with Ms. Wolfe and Mr. Warren that funding of Low Income Weatherization should continue at a level of $1.2 million per year?

A. Yes. However, Ameren Missouri believes the program should have more transparent reporting and that the program should be evaluated similar to other energy efficiency programs funded by customers.

Ameren Missouri recommends that the DNR provide quarterly reporting at the regulatory stakeholder update meetings to show the estimated electric energy savings at customer homes and the associated costs resulting from this program. Ameren Missouri recommends that a portion of the funds be spent on an independent third party evaluation of the program as the last evaluation included the period 4/1/06 through 10/31/08. The $1.2 million per year should not be spent on gas measures or on Missouri residents that are not Ameren Missouri electric customers.

VI. SUMMARY OF TESTIMONY AND CONCLUSIONS

Q. Please summarize your testimony and conclusions.

A. As I have stated above, Ameren Missouri recognizes the benefits of utility-sponsored energy efficiency programs and has developed and implemented cost-effective programs for the benefit of our customers. Ameren Missouri is currently running successful residential and non-residential energy efficiency programs, including

the Residential Lighting and Appliance Program, and the costs of all of the programs should be included in rates. Ameren Missouri is on track to meet the energy efficiency savings goals within the projected budget as established in the 2008 IRP.

Ameren Missouri supports the funding of the Low Income Weatherization Program through the Department of Natural Resources, but feels that program should be subject to the same level of transparent reporting and evaluation as other programs funded by customers.

Q. Does this conclude your rebuttal 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 AmerenUE for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area.	)))))	Case No. ER-2011-0028

AFFIDAVIT OF DANIEL G. LAURENT

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

Daniel G. Laurent, being first duly sworn on his oath, states:

1. My name is Daniel G. Laurent. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri as Manager, Energy Efficiency and Demand Response.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Ameren Missouri consisting of 9 pages, and Schedule DGL-ER1, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Daniel G. Laurent

Subscribed and sworn to before me this 25 day of March, 2011.

Amanda Tesdall
Notary Public

My commission expires:

Amanda Tesdall - Notary Public
Notary Seal, State of
Missouri - St. Louis County
Commission #07158967
My Commission Expires 7/29/2011

Ameren Missouri Demand-Side Resources Performance Summary Report

Date of Report: **February 28, 2011**

Year 1: Feb. 11, 2009 to Sept. 30, 2009 (BUSINESS) and Apr. 24, 2009 to Sept. 30, 2009 (RESIDENTIAL) **Year 2**: Oct. 1, 2009 to Sept. 30, 2010 **Year 3**: Oct. 1, 2010 to Sept. 30, 2011

	Implementation Date			Cumulative MWh Year 1	Cumulative MWh Year 2	Cumulative MWh Year 3	Cumulative MW Year 1	Cumulative MW Year 2	Cumulative MW Year 3	Cumulative Program Costs ($000) Year 1	Cumulative Program Costs ($000) Year 2	Cumulative Program Costs ($000) Year 3	Cost Effectiveness TRC	Cost Effectiveness UCT
IRP	3/2/09	ENERGY STAR Homes Program	IRP	0	0	154	0.0	0.0	0.1	$ -	$ 129	$ 304	1.00	1.18
Expected			Actual	0	0	0	0.0	0.0	0.0	$ -	$ -	$ -		
Actual			Variance	0	0	(154)	0	0	(0)	$ -	$ (129)	$ (304)	(1.00)	(1.18)
IRP	10/31/08	Home Energy Performance	IRP	3,480	8,195	14,463	0.5	1.2	2.0	$ 762	$ 1,820	$ 3,262	2.39	3.19
Expected			Actual	0	0	0	0.0	0.0	0.0	$ 371	$ 371	$ 371		
Actual			Variance	(3,480)	(8,195)	(14,463)	(1)	(1)	(2)	$ (391)	$ (1,449)	$ (2,891)	(2.39)	(3.19)
IRP	3/2/09	Res. DR-CPP w/ Smart Thermostat	IRP	0	0	159	0.0	0.0	1.8	$ -	$ -	$ 506	1.37	1.30
Expected			Actual	0	0	0	0.0	0.0	0.0	$ 300	$ 300	$ 300		
Actual			Variance	0	0	(159)	0	0	(2)	$ 300	$ 300	$ (206)	(1.37)	(1.30)
IRP	10/31/08	Res. DR - Direct Load Control	IRP	495	1,013	1,554	5.5	11.3	17.3	$ 1,144	$ 2,458	$ 3,955	1.93	1.78
Expected			Actual	0	0	0	0.0	0.0	0.0	$ -	$ -	$ -		
Actual			Variance	(495)	(1,013)	(1,554)	(6)	(11)	(17)	$ (1,144)	$ (2,458)	$ (3,955)	(1.93)	(1.78)
IRP	1/1/09	HVAC CheckMe!	IRP	0	7,368	17,086	0.0	1.5	3.5	$ 520	$ 3,275	$ 7,273	1.55	1.92
Expected	7/28/10		Actual	0	798	5,101	0.0	0.2	1.5	$ 622	$ 943	$ 2,002		
Actual			Variance	0	(6,570)	(11,985)	0	(1)	(2)	$ 102	$ (2,332)	$ (5,272)	(1.55)	(1.92)
IRP	11/28/08	Res Lighting & Appliance	IRP	28,749	65,928	112,670	2.4	5.6	9.6	$ 3,075	$ 7,151	$ 12,403	2.29	3.99
Expected	5/22/09		Actual	3,838	66,460	91,541	0.3	6.1	8.4	$ 2,424	$ 7,823	$ 9,165		
Actual			Variance	(24,911)	532	(21,129)	(2)	1	(1)	$ (651)	$ 672	$ (3,238)	(2.29)	(3.99)
IRP		Social Marketing Distribution	IRP											
Expected	7/7/10		Actual	0	3,486	7,706	0.0	0.3	0.7	$ -	$ 192	$ 477		
Actual			Variance	0	3,486	7,706	0	0	1	$ -	$ 192	$ 477	0.00	0.00
IRP	9/1/08	Res. Low Income	IRP	4,581	9,162	13,742	0.3	0.5	0.8	$ 2,954	$ 5,982	$ 9,085	0.88	1.00
Expected	7/30/09		Actual	0	5,201	9,042	0.0	0.6	1.0	$ 1,169	$ 3,893	$ 5,478		
Actual			Variance	(4,581)	(3,961)	(4,700)	(0)	0	0	$ (1,785)	$ (2,088)	$ (3,607)	(0.88)	(1.00)
IRP	11/28/08	Res. Multi-Family	IRP	10,012	24,136	34,026	1.8	4.3	6.2	$ 656	$ 1,685	$ 3,047	2.63	3.26
Expected	6/6/09		Actual	0	29	29	0.0	0.0	0.0	$ 860	$ 1,240	$ 1,240		
Actual			Variance	(10,012)	(24,107)	(33,997)	(2)	(4)	(6)	$ 204	$ (445)	$ (1,806)	(2.63)	(3.26)
IRP	N/A	Appliance Recycling	IRP	0	0	0	0.0	0.0	0.0	$ -	$ -	$ -	1.71	2.13
Expected	7/28/10		Actual	0	551	4,172	0.0	0.1	0.6	$ -	$ 109	$ 859		
Actual			Variance	0	551	4,172	0	0	1	$ -	$ 109	$ 859	(1.71)	(2.13)
		Total Residential Portfolio	IRP	**47,317**	**115,802**	**193,854**	**10.5**	**24.4**	**41.3**	**$ 9,111**	**$ 22,500**	**$ 39,834**		
			Actual	**3,838**	**76,525**	**117,591**	**0.3**	**7.3**	**12.2**	**$ 5,745**	**$ 14,872**	**$ 19,892**		
			Variance	(43,479)	(39,277)	(76,263)	(10)	(17)	(29)	$ (3,365)	$ (7,628)	$ (19,942)		
IRP	9/1/08	C&I Custom	IRP	27,099	54,198	81,297	3.5	7.0	10.6	$ 4,203	$ 8,510	$ 12,925	2.23	2.94
Expected	2/11/09		Actual	5,018	57,365	81,634	1.0	8.8	12.5	$ 1,882	$ 8,159	$ 10,542		
Actual			Variance	(22,081)	3,167	337	(2.5)	1.8	1.9	$ (2,321)	$ (351)	$ (2,384)	(2.23)	(2.94)
IRP	11/28/09	C&I Prescriptive	IRP	32,470	68,985	109,738	4.8	10.5	16.6	$ 4,871	$ 11,327	$ 19,647	1.89	2.44
Expected			Actual	10,466	23,359	32,326	1.9	4.0	5.4	$ 1,524	$ 3,007	$ 3,989		
Actual			Variance	(22,004)	(45,626)	(77,412)	(2.9)	(6.5)	(11.2)	$ (3,346)	$ (8,320)	$ (15,659)	(1.89)	(2.44)
IRP	9/1/08	C&I Retro-Commissioning	IRP	11,573	24,007	37,357	1.4	2.8	4.4	$ 562	$ 1,182	$ 1,863	3.17	6.78
Expected	7/25/09		Actual	0	1,558	3,581	0.0	0.2	0.5	$ 74	$ 314	$ 912		
Actual			Variance	(11,573)	(22,449)	(33,776)	(1.4)	(2.6)	(3.9)	$ (489)	$ (868)	$ (951)	(3.17)	(6.78)
IRP	9/1/08	Commercial Demand Credit	IRP	760	760	760	38.0	38.0	38.0	$ 410	$ 830	$ 1,261	1.56	1.08
Expected	7/1/09		Actual	156	156	156	7.5	7.5	7.5	$ 40	$ 40	$ 40		
Actual			Variance	(604)	(604)	(604)	(30.5)	(30.5)	(30.5)	$ (370)	$ (790)	$ (1,221)	(1.56)	(1.08)
IRP	3/2/09	Commercial DR - CPP w/ Smart Therm.	IRP	0	0	178	0.0	0.0	2.0	$ -	$ -	$ 488	1.60	1.51
Expected			Actual	0	0	0	0.0	0.0	0.0	$ -	$ -	$ -		
Actual			Variance	0	0	(178)	0.0	0.0	(2.0)	$ -	$ -	$ (488)	(1.60)	(1.51)
IRP	2/2/09	Commercial New Construction	IRP	817	1,634	2,451	0.3	0.5	0.8	$ 666	$ 1,348	$ 2,047	1.14	1.35
Expected	5/3/09		Actual	0	4,809	7,596	0.0	0.7	1.4	$ 95	$ 841	$ 1,615		
Actual			Variance	(817)	3,175	5,145	(0.3)	0.2	0.6	$ (571)	$ (507)	$ (432)	(1.14)	(1.35)
IRP	7/18/08	Industrial Interruptible Tariff	IRP	3,800	3,800	3,800	47.5	47.5	47.5	$ 1,999	$ 4,047	$ 6,147	1.59	0.36
Expected			Actual	0	0	0	0.0	0.0	0.0	$ -	$ -	$ -		
Actual			Variance	(3,800)	(3,800)	(3,800)	(47.5)	(47.5)	(47.5)	$ (1,999)	$ (4,047)	$ (6,147)	(1.59)	(0.36)
		Total C&I Portfolio	IRP	**76,519**	**153,384**	**235,581**	**96**	**106**	**120**	**$ 12,710**	**$ 27,245**	**$ 44,379**		
			Actual	**15,640**	**87,247**	**125,293**	**10**	**21**	**27**	**$ 3,615**	**$ 12,361**	**$ 17,097**		
			Variance	(60,879)	(66,137)	(110,288)	(85)	(85)	(93)	$ (9,096)	$ (14,884)	$ (27,282)		
						53.2%						38.53%		

Schedule DGL-ER1

Education Program	**IRP**							$ 500	$ 1,200	$ 2,100			
	Actual												
	Variance							$ (500)	$ (1,200)	$ (2,100)			
Information Program	**IRP**							$ 500	$ 1,200	$ 2,100			
	Actual							$ 484	$ 1,230	$ 1,232			
	Variance							$ (16)	$ 30	$ (868)			
Total Education and Information Programs	**IRP**							**$ 1,000**	**$ 2,400**	**$ 4,200**			
	Actual							**$ 484**	**$ 1,230**	**$ 1,304**			
	Variance							$ (516)	$ (1,170)	$ (2,896)			
Total Portfolio (Without Indirect Costs)	**IRP**	**123,836**	**269,186**	**429,435**	**106**	**131**	**161**	**$ 22,821**	**$ 52,144**	**$ 88,414**	**1.71**	**2.04**	
	Actual	**19,478**	**163,772**	**242,884**	**11**	**29**	**39**	**$ 9,844**	**$ 28,462**	**$ 38,293**			
	Variance	(104,358)	(105,414)	(186,551)	(95)	(102)	(122)	$ (12,977)	$ (23,682)	$ (50,120)			
Portfolio Administration - Contractor	**IRP**							$ -	$ -	$ -			
	Actual							$ -	$ -	$ -			
	Variance							$ -	$ -	$ -			
Portfolio Administration - Ameren Missouri	**IRP**							$ 1,100	$ 2,500	$ 4,200			
	Actual							$ 736	$ 1,717	$ 2,045			
	Variance							$ (364)	$ (783)	$ (2,156)			
EM&V - Contractor	**IRP**							$ 1,100	$ 2,500	$ 4,200			
	Actual							$ 304	$ 1,351	$ 1,767			
	Variance							$ (796)	$ (1,149)	$ (2,433)			
Total Portfolio Indirect Costs	**IRP**							**$ 2,200**	**$ 5,000**	**$ 8,400**			
	Actual							**$ 1,040**	**$ 3,068**	**$ 3,811**			
	Variance							$ (1,160)	$ (1,932)	$ (4,589)			
Total Ameren Missouri DSM Portfolio	**IRP**	**123,836**	**269,186**	**429,435**	**106**	**131**	**161**	**$ 25,021**	**$ 57,144**	**$ 96,814**	**1.71**	**2.04**	
	Actual	**19,478**	**163,772**	**242,884**	**11**	**29**	**39**	**$ 10,884**	**$ 31,531**	**$ 42,105**			
	Variance	**(104,358)**	**(105,414)**	**(186,551)**	**(95)**	**(102)**	**(122)**	**$ (14,137)**	**$ (25,614)**	**$ (54,709)**			