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Witness: Daniel G. Laurent
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MISSOURI PUBLIC SERVICE COMMISSION

Case No. EO-2012-0142

SURREBUTTAL TESTIMONY

OF

DANIEL G. LAURENT

ON

BEHALF OF

UNION ELECTRIC COMPANY

d/b/a Ameren Missouri

**St. Louis, Missouri
May, 2012**

SURREBUTTAL TESTIMONY

OF

DANIEL G. LAURENT

CASE NO. EO-2012-0142

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

2 A. My name is Daniel G. Laurent. My business address is One Ameren Plaza,
3 1901 Chouteau Avenue, St. Louis, Missouri 63103.

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

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

7 **Q. Please describe your educational background and employment**
8 **experience.**

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

18 **Q. What is the purpose of your surrebuttal testimony?**

19 A. The purpose of my surrebuttal testimony is to address the following topics:

Surrebuttal Testimony of
Daniel G. Laurent

1 1. Tariff Issues. I respond to the rebuttal testimonies of Staff witnesses John Rogers
2 and Michelle Bocklage regarding the level of detail that should be reflected in Ameren
3 Missouri's energy efficiency ("EE") program tariffs. I also address Staff witness Hojong
4 Kang's rebuttal testimony regarding the EE program templates.

5 2. EE Program Design. I respond to the rebuttal testimony of the Environmental
6 Intervenors¹ witness Phillip Mosenthal on EE program design.

7 3. Joint Utility EE Programs and Fuel Switching. I respond to the rebuttal testimony
8 of Laclede Gas witness James Travis regarding these issues.

9 4. EE Line Item on Customer Bills. I respond to the rebuttal testimony of Staff
10 witnesses John Rogers and Staff witness Mike Scherperle, who recommend that a separate
11 line item be placed on customer bills for the charges attributable to demand-side programs
12 approved under MEEIA.

13 **Tariff Issues**

14 **Q. Before addressing the tariff issues raised by the Staff's rebuttal**
15 **testimony, could you please provide a brief history of Ameren Missouri's recent energy**
16 **efficiency efforts?**

17 A. Yes. Ameren Missouri ran an aggressive portfolio of electric EE programs
18 from 2009 to 2011 (Cycle 1).² Those programs were the product of Requests for Proposals
19 ("RFPs") for EE program implementation and Evaluation, Measurement and Verification
20 ("EMV") that were issued after the Company's 2008 Integrated Resource Plan ("IRP") was
21 submitted in February 2008. The program implementation RFPs did not specify every detail

¹ Natural Resources Defense Council, Sierra Club, and Renew Missouri.

² I refer to this period as "Cycle 1."

Surrebuttal Testimony of
Daniel G. Laurent

1 of the EE programs that might be implemented, but rather contained preliminary design
2 templates. This is an approach that is similar to the approach reflected in our MEEIA filing.
3 The RFP encouraged bidders to submit performance leading proposals. We gave them the
4 flexibility to develop creative program implementation proposals that, based on their
5 experience, would maximize EE savings while maintaining a broad portfolio of EE programs
6 that would benefit all customers. Once selected, the implementation contractors collaborated
7 with Ameren Missouri on final program designs. In this way, the Company was able to take
8 advantage of creative program implementation ideas from implementers with experience
9 operating programs throughout the United States. Again, that is the approach we are taking
10 in this MEEIA filing as well.

11 **Q. Were these efforts successful in terms of achieving energy savings?**

12 A. Yes, they were very successful in that regard. For example, the analyses in
13 Ameren Missouri's 2008 IRP projected three-year megawatt-hour ("MWH") savings of
14 approximately 429,000 MWH based on a three-year program budget of \$95.5 million.
15 However, we were able to achieve substantially more savings (approximately 553,000
16 MWH, or approximately 29% more), and we did so while spending approximately 25% less
17 than the \$95.5 million budget on which the lower IRP savings were based. Independent
18 third-party evaluators performed EMV and the results indicated that the programs were well
19 managed and cost-effective. During Cycle 1, Ameren Missouri provided incentives for
20 more than:

- 21 • 4 million CFL bulbs;
- 22 • 21,000 Energy Star® appliances;
- 23 • 12,000 Multi-Family Income Qualified ("MFIQ") tenant units;

Surrebuttal Testimony of
Daniel G. Laurent

- 1 • 9,000 decommissioned refrigerators and freezers;
2 • 3,000 new residential central air systems; and
3 • 3,000 business projects.

4 To accomplish this we created a network of approximately:

- 5 • 290 lighting retailers;
6 • 135 appliance retailers;
7 • 120 HVAC contractors; and
8 • 225 business Trade Allies.

9 This network provides a good foundation for our EE efforts.

10 **Q. Did these aggressive EE program efforts continue in 2012?**

11 A. No. As addressed in detail in the Company's 2010 rate case (Case No. ER-
12 2011-0028, which was concluded July 31, 2011), the success of these programs from the
13 standpoint of saving energy caused substantial financial harm to the Company. We
14 attempted to find a mechanism to address that harm in the rate case, which we had hoped
15 would enable the Company to build-upon the Cycle 1 programs. However, the mechanisms
16 we proposed were not approved by the Commission. This left the Company with no
17 reasonable choice but to substantially reduce its EE efforts until a MEEIA filing could be
18 prepared and approved.

19 **Q. What EE program efforts is Ameren Missouri pursuing in 2012?**

20 A. Although discouraged by the fact that the Commission did not approve a
21 mechanism to address the financial harm to the Company caused by its aggressive EE efforts,
22 we felt it was important to maintain an EE foundation in the marketplace while preparing this
23 MEEIA filing. We also felt it was important to support that foundation during the processing

Surrebuttal Testimony of
Daniel G. Laurent

1 of this case. By maintaining that foundation the Company is in a position where, if its
2 MEEIA filing is approved as requested, it can then ramp back up relatively quickly to an
3 aggressive level of EE expenditures designed to achieve all cost-effective energy savings in
4 "Cycle 2," which roughly coincides with calendar years 2013 through 2015.³ In order to
5 maintain that foundation, the Company implemented "bridge" programs. These bridge
6 programs are essentially scaled-back versions of several of the programs in place during
7 Cycle 1. This resulted in a reduction of the Company's EE expenditures from a level of
8 approximately \$33 million in 2011 to a level of approximately \$10 million in 2012 (assuming
9 the bridge programs are extended through December, which is dependent upon the outcome
10 of this case). Even at this level, our EE efforts harm the Company financially due to the
11 throughput disincentive discussed in our MEEIA filing. However, recognizing that our
12 MEEIA filing, if approved, will result in a "win-win" for customers and the Company alike,
13 and given the desire to maintain the foundation I mentioned above so that more aggressive
14 EE efforts could be implemented rather quickly, Company management decided to continue
15 its EE efforts despite the negative financial impact it caused, albeit at this lower level.

16 **Q. How does this history relate to the tariff issues raised by the Staff's**
17 **surrebuttal testimony?**

18 A. It relates to tariff issues because of "lessons learned" in the course of running
19 our energy efficiency programs during Cycle 1. Paramount among those lessons learned was
20 that it is critically important to maintain flexibility in program details, such as incentive
21 levels and eligible measures, in order to maximize the energy savings EE programs can

³ I state that Cycle 2 will "roughly coincide" with those calendar years because the program years may not exactly coincide with the calendar year since the processing of this case will not be completed within the 120

1 produce and to do so in the most cost-effective manner possible. Maximizing cost-effective
2 energy savings requires the ability to write tariff provisions that give us the flexibility to
3 change program elements that do not require Commission approval. The business model
4 Ameren Missouri proposed has been based on maximizing the net benefits of EE which, in
5 turn, maximizes customer benefits through shared net benefits. Such a business model
6 requires that the Company move nimbly to react to markets.

7 **Q. Is that why the exemplar tariffs submitted with the MEEIA filing did not**
8 **contain specific details on program design, measures and incentive amounts?**

9 A. Yes. Our experience in implementing the EE programs during Cycle 1
10 demonstrated that achieving aggressive energy savings targets requires marketing, the ability
11 to react quickly to market conditions, and the ability to use various methods to educate
12 customers on EE to encourage them to use less electricity.

13 In preparing our MEEIA filing, we examined the tariff practices of utilities in those
14 states that have had the most success (identified as "performance leading" by the American
15 Council for an Energy Efficient Economy ("ACEEE")) in implementing EE programs. The
16 result of that research, presented in Table 3.10 at page 61 of the *2013 – 2015 Energy*
17 *Efficiency Plan* (the "MEEIA Report") submitted in this case, showed that 20 out of 23
18 utilities in nine of the top ten states in ACEEE's annual state energy efficiency scorecard did
19 not include specific program details in their tariffs. This is logical given the level of
20 flexibility required to react quickly and adjust when the market, technology changes, or
21 customer needs indicate that program adjustments will increase cost-effective energy

days we originally contemplated. Because it takes time to get contractors in place and otherwise ramp-up the EE programs, it may not be possible to start Cycle 2 on January 1, 2013.

1 savings. Consequently, the Company's tariffs for its EE programs need to be similar to tariffs
2 for utilities in those states that are considered leaders in electric EE program implementation.

3 **Q. The Staff expressed several concerns with the level of detail in Ameren**
4 **Missouri's proposed tariffs. Having considered those concerns, are there areas where**
5 **the Company can agree to add additional details without significantly compromising**
6 **the Company's ability to achieve the energy savings that it could otherwise achieve and**
7 **to do so in a cost-effective manner?**

8 A. Yes, we have closely reviewed and considered the Staff's concerns and the
9 Commission's rules and have challenged ourselves to provide as much detail as possible
10 without significantly compromising our ability to achieve the energy savings that we could
11 otherwise achieve and to do so in a cost-effective manner. As part of that process we have
12 identified several areas where the Company can agree to modify the proposed tariffs.
13 However, there are other areas where the Company cannot agree to provide more details.

14 **Q. Please address the Staff's first issue, that is, the Staff's contention that the**
15 **exemplar tariffs do not contain all of the information required by 4 CSR 240-**
16 **3.150(2)(A), which are the filing requirements for promotional practices.**

17 A. We agree that the rule requires additional details. Consequently, we have
18 amended the exemplar tariffs to include those details. Those amended tariffs are attached to
19 my testimony as Schedule DGL-1 (Residential) and Schedule DGL-2 (Business).

20 **Q. Please address each requirement of this rule.**

21 A. The amended exemplar tariffs contain the name of each promotional practice
22 (e.g., Lighting Program) (3.150(2)(A)1); the class(es) to whom it is offered (3.150(2)(A)2);
23 that the promotional practice is offered to all within the applicable class(es), so it is being

Surrebuttal Testimony of
Daniel G. Laurent

1 offered uniformly (3.150(2)(A)3); a description of it, and a statement of its purpose
2 (3.150(2)(A)4); the terms and conditions applicable to all residential (and business) programs
3 are reflected in the overall residential (and business) tariff sheets supplemented by terms and
4 conditions in the specific tariff sheets for each individual program (3.150(2)(A)5); none of
5 the programs are being offered by an affiliate or other person, so 3.150(2)(A)6 is not
6 applicable; and the details in the tariff sheets allow participants to have a complete
7 understanding of the practice (3.150(2)(A)7).

8 **Q. Please address the Staff's contention that the exemplar tariff sheets would**
9 **not comply with 4 CSR 240-20.094(4).**

10 A. If there is a variance of 20 percent or more in the approved three-year budget
11 and/or if there is any program design modification which is no longer covered by the
12 approved tariff sheets, then we will file for a modification of the programs, as the rule
13 requires. With respect to flexibility requested in the tariff sheets, it is the same argument:
14 must every detail be specified in the tariff sheets, or can and should the Commission approve
15 tariffs that approve the programs but provide flexibility? We believe the Commission has the
16 authority to do the latter and, for the reasons discussed in this testimony, should do so. If the
17 Commission does so, then the tariff sheets would, by their terms, cover changes to terms and
18 conditions governing the programs, and therefore such changes to a measure or in an
19 incentive would not constitute a modification for which further approval is needed.⁴

⁴Although I am not an attorney, counsel advises me that the revised exemplar tariffs attached in the Schedules to this testimony now comply with all applicable rules. If, however, the Commission were to determine that there is any non-compliance with an applicable rule, the Company requests that the Commission grant a variance from such a rule for good cause shown. That good cause is demonstrated by the need for flexibility, as discussed in this testimony.

1 **Q. Please address the Staff's contention that the exemplar tariffs included**
2 **with the filing do not include all of information required by 4 CSR 240-20.094(6)(J)**
3 **regarding the ability for opt-out customers to participate in interruptible or curtailable**
4 **tariffs?**

5 A. We agree that leaving out this information was an oversight on our part, and
6 we have addressed the Staff's concern in this regard by including the required language in the
7 exemplar Business EE tariffs attached to my testimony as Schedules DGL-1 and DGL-2 (the
8 opt-out doesn't apply to residential programs).

9 **Q. Do the proposed new tariffs include information regarding the**
10 **requirements of Rule 4 CSR 240-20.094(7) discussed by Ms. Bocklage at page 11, lines 3**
11 **– 5 of her rebuttal testimony regarding providing monetary incentives to customers that**
12 **receive tax credits “under sections 135.350 through 135.362, RSMo, or under sections**
13 **253.545 through 253.561, RSMo.”?**

14 A. Yes, we have included the required language in the Business and Residential
15 EE exemplar tariffs attached in the Schedules to this testimony.

16 **Q. Ms. Bocklage also expressed concerns about the original exemplar tariffs**
17 **and whether they provided sufficient information to provide scope, clarity and**
18 **definition of each program, citing issues such as marketing strategy, the relationship**
19 **between programs and whether they could be combined, and annual energy and**
20 **demand savings targets. Mr. Rogers also mentioned some of these same issues. Have**
21 **you addressed these concerns?**

22 A. We have addressed them where it is practical to do so, but as I discuss further
23 below, there are areas where they cannot (and should not) be addressed.

1 **Q. Which of the concerns have you addressed?**

2 A. We have specified the relationship between programs and whether they can be
3 combined (e.g., specified if customers can take advantage of more than one program but that
4 a measure can only receive an incentive once), and have specified the annual energy targets
5 and projected demand savings results based on those energy targets. We have also clarified
6 that, depending on adjustments that may be necessary, those targets could shift between
7 programs. I will discuss this issue later in my testimony. We have also defined the programs
8 and their scope to the extent possible, as I also discuss later.

9 **Q. Above you described numerous additions to the revised exemplar tariffs**
10 **as compared to the exemplar tariffs submitted with the filing made on January 20,**
11 **2012. Are there items requested by Mr. Rogers and Ms. Bocklage that can't or**
12 **shouldn't be added to tariffs?**

13 A. Yes, there are some items that should not be in tariffs because doing so could
14 significantly reduce the flexibility needed to respond to market opportunities, changes in
15 technology, and changes in marketing plans, etc. That flexibility is required if we are to
16 reach the aggressive energy savings goals outlined in the MEEIA.

17 **Q. Why shouldn't the specific incentive associated with each EE measure for**
18 **each program be included in the tariffs?**

19 A. Because adding this level of detail will deprive the Company of the level of
20 flexibility needed to respond to opportunities associated with market or technology changes.
21 Moreover, this specific information will not be available until after the program
22 implementers have been hired and can collaborate with us on final program design. I will
23 further explain this later in my testimony.

1 **Q. Should information regarding the specific marketing strategy that**
2 **identifies the methods Ameren Missouri intends to utilize to market each EE program**
3 **be added to the tariffs?**

4 A. No, and for the same reasons. I would also note that counsel advises that
5 marketing plans are not required to be in the tariffs in any event but, rather, are supporting
6 information that is to be *provided* under 4 CSR 240-3.150(3)(A). We will provide this
7 information to the Commission after program approval and after the program implementers
8 have been hired and the marketing plans have been finalized.

9 **Q. Should you provide annual energy savings targets and the resulting**
10 **expected demand savings based on those targets for each EE program in the tariffs as**
11 **requested by Ms. Bocklage and Mr. Rogers?**

12 A. No, not if the intent is to fix those targets on a program-by-program basis
13 unless changes in targets by program are otherwise approved through a subsequent tariff
14 filing. The specific portfolio and program annual energy and demand savings targets are
15 provided in the MEEIA Report in Appendix B – Program Templates. These targets should
16 not be in the tariffs for each program due to the need for flexibility to redistribute energy
17 savings targets among programs to reach portfolio goals. However, we have added the
18 portfolio energy savings targets and the expected demand savings that would be expected to
19 flow from those energy savings to the Business and Residential EE tariffs attached as
20 Schedules DGL-1 and DGL-2. Ameren Missouri has committed to and will be accountable
21 (i.e., must implement and run its programs prudently, and has every incentive to achieve the
22 greatest energy savings it can) for managing a broad portfolio of eleven programs
23 collectively designed to save customers 793,102 MWH of energy at a cost of approximately

1 \$145 million to implement the programs. Actual program costs will be trued-up, as will the
2 numbers of various types of measures installed. Moreover, as I discuss below, the Ameren
3 Missouri's MEEIA filing is structured to encourage the Company to save as much energy
4 through the EE programs as possible and to do so cost-effectively. But, Ameren Missouri
5 requires the flexibility to redistribute funds among programs in order to maximize those
6 energy savings.

7 **Q. You have mentioned the need for flexibility, can you further explain this?**

8 A. Yes. It is intuitive and Ameren Missouri's experience has certainly
9 demonstrated that some programs and/or measures will be more successful than expected,
10 while others will be less successful than expected. Further, EE technology and marketing
11 channels and methods continue to evolve at a relatively rapid pace. The Company should
12 have the ability to quickly make prudent modifications to the less successful programs and
13 measures and to shift funds between programs during the implementation period, particularly
14 given that we have every incentive to achieve as much energy savings as we can and to
15 prudently manage the programs and our budgets. Flexibility with regard to EE program
16 implementation but strict adherence to energy savings commitments and benefit sharing
17 methodology will allow the Company to implement the EE programs without delays caused
18 by the need to go through a tariff amendment process.

19 **Q. The Staff doesn't seem to disagree with the principle that EE programs**
20 **and their details will have to be adapted as the programs are implemented and run, but**
21 **seem to suggest that requiring very specific tariffs coupled with filings at the**
22 **Commission to amend the specific tariffs as needed would provide the flexibility the**
23 **Company needs. More specifically, Ms. Bocklage has stated (page 6, lines 1-2 of her**

1 **rebuttal testimony) that Commission and Staff can process tariff sheets quickly enough**
2 **to allow Ameren Missouri to timely respond to markets. How do you respond?**

3 A. While it may be theoretically possible to file tariff amendments and to have
4 them processed and approved relatively quickly, our experience indicates that in practice this
5 simply does not happen in many cases. The markets and technology move rapidly and we
6 need to be able to do so as well, just as "performance leading" companies identified by
7 ACEEE are able to do.

8 **Q. What happens if the marketplace, customer needs, technology changes, or**
9 **other factors require changes to a program, incentive level, measure, or to a**
10 **combination of those items, but the Company is delayed in obtaining approval of a**
11 **tariff amendment to reflect the change?**

12 A. When that happens we would miss energy savings opportunities, which results
13 in lower levels of measure installation and undermines our ability to achieve the aggressive
14 energy savings targets outlined in our MEEIA filing. Since the EE targets Ameren Missouri
15 proposed are much more aggressive than the goals from the Cycle 1 programs, this flexibility
16 is even more important now than it was during Cycle 1. We could also miss opportunities to
17 increase the cost effectiveness of or net benefits from the EE programs.

18 **Q. But didn't Ms. Bocklage provide a timeline for two specific cases where a**
19 **tariff change was processed and approved quickly?**

20 A. She did set out a timeline that began with the *date the tariff amendment was*
21 *actually filed*, but what she didn't explain is that, in our experience, the process of amending
22 a tariff must begin well before the date the tariff sheet is actually filed. In both of the cases
23 cited, it took approximately 45 days between when the Company approached the Staff about

Surrebuttal Testimony of
Daniel G. Laurent

1 the change and when the tariff amendment including the change was approved. There have
2 been other instances when the time period was substantially longer than that. The point is
3 that by the time the circumstances driving the need for a change have been discussed with the
4 Staff, and usually others (e.g., Office of the Public Counsel ("OPC"), the Missouri
5 Department of Natural Resources ("MDNR"), the Industrials, etc.), followed by discussions
6 about specific tariff language and often many other issues, the window of time that was
7 available to adjust a program detail, incentive, or measure to capture the greater energy or
8 cost savings will have been reduced. At a minimum, we may have lost the opportunity to
9 save substantial energy during the period from when the opportunity was identified and a
10 tariff change can actually be implemented.

11 **Q. Do you have other concerns if the type of specific details the Staff appears**
12 **to desire be included in the tariffs are in fact included?**

13 A. Yes, I do. If a tariff approved as part of a MEEIA filing must be modified,
14 which would be the case if we have a program detail in a tariff that needs to be changed to
15 respond to market conditions, then we trigger one of the Commission's MEEIA rules, 4 CSR
16 240-20.094(4), which some would argue gives anyone the right to require the Commission to
17 have a hearing every time a modification is filed. And counsel advises me that if the rule
18 does grant such a right, then the hearing would be a "contested case" under Missouri law,
19 meaning it could become a long, complex proceeding. While even without this rule having
20 to make a tariff filing for every change is extremely problematic for the reasons I discuss in
21 my testimony, setting the stage for a process where a contested hearing is required if anyone
22 asks for it every time a change would be made is even more problematic.

23 **Q. Are there any other delays in the tariff filing process?**

Surrebuttal Testimony of
Daniel G. Laurent

1 A: Yes. In effect, Ameren Missouri may have to assume that every tariff filing has
2 the potential to lead to a contested case because of the Commission's communications rule.
3 This requires us to file a notice of a possible tariff change 60 days prior to the actual tariff
4 filing. With the "normal" 30-day effective time for tariffs, every tariff change effectively
5 becomes a 90-day process, at a minimum. And that doesn't account for the fact that if it
6 takes some time prior to the start of that 90-day period for us to identify the change that is
7 needed and to figure out a solution.

8 **Q. Is it even possible for Ameren Missouri to include the level of detail**
9 **requested by the Staff?**

10 A. No, it is not.

11 **Q. Why not?**

12 A. As we did with the RFPs issued before Cycle 1, Ameren Missouri developed
13 preliminary design templates for its proposed programs, many of which are a continuation of
14 the Cycle 1 programs. These templates will be included in the RFPs for the implementation
15 contractors that the Company plans to hire, assuming the Company's MEEIA proposal has
16 been approved in a manner that allows the Company to move forward with implementation.
17 It is the implementation contractors who are the experts on marketing strategies, distribution
18 channels, measures and incentive levels that are most effective in the "real world," as
19 opposed to just in theory. We expect to develop these program details after implementers
20 have been hired and we have a chance to collaborate with them. Should performance-based
21 contracts be used to encourage program implementation contractors to have a vested interest
22 in the success of programs reaching load reduction targets, contractors should retain some

1 latitude for program design to maximize the likelihood that they can meet performance
2 targets

3 There is also the possibility of new technologies or marketing channels or methods
4 being developed after programs have been initiated. In fact, the Technical Resource Manual
5 ("TRM") includes a process to add new measures as new technologies develop. As discussed
6 later in this testimony, Ameren Missouri proposes to keep the Staff and other stakeholders
7 informed but we cannot finalize those designs now; that is, we can't do so if we want to
8 implement the most well designed programs that we can by gaining the benefit of the
9 implementers' experience and expertise.

10 **Q. If Ameren Missouri needs to hire contractors before you can provide this**
11 **level of detail, why haven't they been hired?**

12 A. Until our MEEIA filing is approved, we do not know whether we will be able
13 to implement the proposed MEEIA programs after the bridge programs expire. The
14 Company will issue RFPs prior to the outcome of this case so that it can put itself in a
15 position to implement the programs in early 2013, but will not sign contracts with
16 implementers until we have a final order that reflects approval of a MEEIA filing consistent
17 with the policies of the MEEIA statute and consistent with the Commission's obligations
18 under MEEIA, as discussed in more detail in the surrebuttal testimonies of Ameren Missouri
19 witnesses Warren Wood and William Davis.

20 **Q. If the Commission provides Ameren Missouri the tariff flexibility and**
21 **resulting ability to make program changes as needed, could the Company utilize this**
22 **flexibility to the detriment of MEEIA principles?**

Surrebuttal Testimony of
Daniel G. Laurent

1 A. No. Ameren Missouri's MEEIA proposal requires the Company to prudently
2 implement and operate its programs and actually incents the Company to achieve or exceed
3 the energy savings goals. Mr. Mosenthal supports the overall framework proposed by
4 Ameren Missouri for cost recovery and notes on page 8, lines 12-13 of his rebuttal testimony
5 that "It provides a positive incentive to Ameren to maximize the net benefits achieved within
6 the budgetary and other constraints it faces." Mr. Mosenthal seems to recognize that if the
7 Company fails to achieve the energy savings goals, then the net benefits will be lower, which
8 means the Company's revenue from the net benefits will be lower. Moreover, if the
9 Company's programs are not as successful as planned, leading to lower energy savings, the
10 Company's incentive (the 4.8% of net benefits subject to a cap and a floor that the Staff
11 supports) will be lower. The entire point of properly aligning the Company's financial
12 interests with helping customers use energy more efficiently, which our program is
13 specifically designed to do, is to give us the proper signal to aggressively pursue all cost-
14 effective energy efficiency.

15 The Company is also planning to align the interest of implementation contractors with
16 that of customers and the Company. In fact, whenever possible, contracts with
17 implementation contractors will include performance-based compensation that ties results
18 with compensation. For example, contractors may receive bonuses for meeting or exceeding
19 energy savings goals below or within budget. This should have the effect of increasing net
20 shared benefits, which will benefit both customers and the Company.

21 Program evaluations by independent evaluators will include impact evaluations of the
22 program savings and process evaluations which will include an independent evaluation of
23 changes made to programs during the year. The Company has proposed that the TRM for

1 future (Cycle 3 - 2016 and beyond) program years be based on EMV results from the energy
2 efficiency programs in this MEEIA filing. The fact that future program measure energy
3 savings and goals will be dependent on performance in Cycle 2 is another important reason
4 for the Company to continuously improve and strive for performance-leading programs.

5 Finally, the Commission retains full authority to disallow any imprudently incurred
6 costs.

7 **Q. But can you understand why the Staff would prefer that all of these**
8 **details be worked out in advance, and that they have input on changes?**

9 A. Yes, I can understand the natural inclination to want to know all of the details
10 and to provide input. We are providing the details that we can. As I discuss further below,
11 we will provide more details as we have them and will provide opportunities for input to the
12 extent we can, consistent with being able to react to the marketplace in a timely fashion and
13 without missing energy savings opportunities. We have and will continue to only make
14 program changes after careful consideration of the potential effects on customers, program
15 costs, cost-effectiveness, and energy savings goals. As I noted, our MEEIA proposal gives
16 us several important incentives to implement performance leading programs. But at the end
17 of the day, Ameren Missouri must implement the programs and manage its expenditures
18 prudently, has the incentive to achieve the highest energy savings it can, and consequently it
19 should be our responsibility to run the programs and to adjust them as we believe is needed
20 in order to make them as successful and cost-effective as we reasonably can.

21 **Q. In addition to the testimony of Mr. Rogers and Ms. Bocklage on tariff**
22 **specificity issues, has the Staff raised any other issues about details of your programs or**
23 **tariffs?**

Surrebuttal Testimony of
Daniel G. Laurent

1 A. Yes. Staff witness Hojong Kang has suggested that the Company may not
2 implement the programs described in the templates (rebuttal testimony page 9, lines 20-22).

3 **Q. Should that be a concern?**

4 A. No. The potential bidders will have access to the MEEIA filing and the
5 templates and the RFP will encourage them to recommend improvements to the programs in
6 the portfolio. Based on the Company's experience during Cycle 1, we expect bidder
7 responses that are similar to the templates. Additionally, we are committed to keeping a
8 broad range of programs available to all markets. Any changes made will improve the
9 opportunity to meet the goals outlined in MEEIA. And it bears repeating: we have every
10 incentive to design and implement good programs, to spend the program dollars wisely, and
11 to achieve as much energy savings as we can.

12 **Q. Does anyone else support giving Ameren Missouri and its implementers**
13 **the flexibility to make program changes?**

14 A. Yes, Environmental Interveners witness Phillip Mosenthal recognizes the
15 importance of this and supports flexible tariffs, as evidenced by the following statements in
16 his rebuttal testimony, appearing at page 65, lines 1-4: "I support the Commission providing
17 Ameren flexibility to modify programs as they identify new opportunities, changing markets,
18 and learn what is working and not working" and, at page 7, lines 3-10: "I fully support the
19 MPSC allowing utilities flexibility to modify program designs, add or delete measures
20 promoted or programs delivered, and even shift funds and effort between programs, with

1 some restrictions. I believe that this flexibility is appropriate and desired, and in the benefit
2 of ratepayers as well as Ameren."⁵

3 **Q. Ameren Missouri based its energy savings goals, in large part, on the**
4 **Ameren Missouri Potential Study. What did the study assume in terms of flexibility?**

5 A. The potential study results assume that the Company has full flexibility to
6 adjust programs to correspond with market conditions and that there are no tariff constraints.
7 In other words, if the flexibility is not provided, it's not reasonable to assume Ameren
8 Missouri can implement programs that reach that potential.

9 **Q. What does that mean in terms of the issues the Staff has raised about**
10 **program and tariff details?**

11 A. It means that if Ameren Missouri does not have the authority to implement
12 programs based upon its collaboration with the EE program implementation experts, and to
13 timely adjust programs, measures and incentives as the marketplace dictates, Ameren
14 Missouri would have to significantly reduce its MEEIA energy savings goals.

15 **Q. In light of the practical considerations surrounding the need for flexibility**
16 **you earlier discussed, does the Company have a position on whether it should gain**
17 **input from the Staff (and how it would do so) when changes are to be made?**

18 A. Yes, we believe we should gain input to the extent feasible. To that end, we
19 propose the following process:

20 If the change is to a program detail regarding the interaction between the Company or
21 Program Administrators and customers participating in the Programs, we will:

⁵ Footnote omitted.

Surrebuttal Testimony of
Daniel G. Laurent

- 1 1) Identify need for program detail change regarding the interaction between the
- 2 Company or Program Administrators and customers participating in the
- 3 Programs;
- 4 2) Discuss proposed change with implementer;
- 5 3) Discuss proposed change with evaluator;
- 6 4) Analyze impact on program and portfolio (cost effectiveness, goal
- 7 achievement, etc.);
- 8 5) Inform the Staff and Office of the Public Counsel of the proposed change, the
- 9 time within which it needs to be implemented, provide them the analysis that
- 10 was done, and consider recommendations from them that are received within
- 11 the implementation timeline;
- 12 6) Take timely received recommendations into account and incorporate them
- 13 where the Company believes it is appropriate to do so;
- 14 7) Notify and train customer contact personnel (Contact Center, Energy
- 15 Advisors, Business Center, Key Account Executives, Customer Service
- 16 Advisors) of the changes;
- 17 8) Make changes to forms and promotional materials;
- 18 9) Update program website;
- 19 10) File updated web pages in an informational docket on EFIS; and
- 20 11) Inform customers, Trade Allies, etc.

21 **Q. Ms. Bocklage expressed a concern at page 10, lines 13- 15 of her rebuttal**
22 **testimony that without a record of effective tariff sheets for all EE programs in the**
23 **Commission’s electronic filing information system (“EFIS”), there is no permanent**

1 **public record of the effective design parameter for each EE program on a given date.**

2 **She also indicated that the Staff can't effectively monitor the Company's website. Can**
3 **you address this concern?**

4 A. Yes, step 10 was included in the above process to address this concern. There
5 will be a permanent public record of the changes as the Company makes them and the Staff
6 will be aware of the changes before they are implemented.

7 **Q. With regard to the program tariffs, what specifically are you asking the**
8 **Commission to do?**

9 A. We are asking the Commission to approve the exemplar tariff sheets attached
10 as Schedules to my testimony, subject only to filling in the applicable blanks (e.g., to account
11 for the timing of implementing the programs based upon when this case is resolved) and of
12 course subject to the Company then filing "live" compliance tariff sheets that would reflect
13 the Commission's prior approval of the terms of the exemplar tariffs. What the Commission
14 should not do is what Ms. Bocklage suggests be done at pages 6-7 of her rebuttal testimony;
15 that is, the terms of the tariffs need to be approved now, not as part of what might become a
16 second contested MEEIA case after the Commission issues its order in this case. Re-arguing
17 those issues would serve only to delay the Company's ability to implement the aggressive EE
18 programs outlined in our MEEIA filing.

19 **Q. The last material issue raised by the Staff regarding the tariffs relates to a**
20 **"DSIM tariff sheet." The Staff apparently believes a separate DSIM tariff sheet is**
21 **required. Do you agree?**

22 A. I am not an attorney, but counsel advises that 4 CSR 240-20.093(2)(C) does
23 not require a separate DSIM tariff sheet where, as here, the sums to be collected will be

Surrebuttal Testimony of
Daniel G. Laurent

1 included in the Company's base rates.⁶ However, to accommodate the true-up of program
2 expenditures, the shared net benefit mechanism results and the Commission's prudence
3 review of our programs, language should be included in the rate schedules for our base rate
4 tariffs in our pending rate case. The true-up and the results of any prudence review would be
5 implemented in rates in our first electric general rate case concluding after the three-year
6 program period is over.

7 **Q. Please summarize the relief the Company is requesting regarding the EE**
8 **tariffs?**

9 A. The Company requests that the Commission approve the form, terms, and
10 conditions of the exemplar tariff sheets attached to this testimony as Schedules DGL-1 and
11 DGL-2 as part of its Report and Order approving the Company's MEEIA filing, as filed. The
12 Company would then file the tariff sheets as "compliance tariffs" in accord with the
13 Commission's Report and Order, to bear an effective date that is expected to be March 1,
14 2013, assuming this case is resolved on the timeline currently contemplated in the procedural
15 schedule. Counsel advises me that this process is contemplated by 4 CSR 240-20.094(3)(D),

⁶ We agree it is literally possible to file a separate tariff sheet, but counsel advises that the rule does not require this. Rather, it only requires the Commission to approve the DSIM and "associated tariff sheets," which we believe refers to the tariffs necessary to reflect the DSM programs whose costs, benefits and incentives are reflected in the base rates that will be charged. Those tariffs advise the customers of the programs and their terms, the base rate tariffs include the separate charges for the MEEIA-approved DSM programs, and their bills will contain a separate line item for those costs as well. And, as noted, the base rate tariffs should include language relating to true-up and prudence review. As noted with regard to other rules where we believe our filing is in compliance but the Staff does not, if the Commission determines that a separate tariff sheet for the DSIM is literally required the Company requests a variance from the rule's requirement for good cause shown, because there is no need for such a separate tariff sheet when the sums to be collected pursuant to the DSIM are collected under base-rate tariffs.

1 which would require that we file and receive approval of our EE tariffs prior to implementing
2 the programs.⁷

3 **EE Program Design**

4 **Q. At page 65, lines 7-10 of his rebuttal testimony, Mr. Mosenthal states**
5 **"Overall, I believe the portfolio Ameren proposes is reasonable for a utility just**
6 **beginning to seriously pursue DSM. I also believe they cover the major opportunities**
7 **and most typical programs industry-wide, for a utility with goals at the level of**
8 **Ameren's first 3-year MEEIA plan." Do you agree with Mr. Mosenthal's statement?**

9 A. Yes and no. Mr. Mosenthal is correct in stating the portfolio Ameren
10 Missouri proposes is a reasonable set of programs and that they cover the major opportunities
11 and most typical programs industry-wide. That is exactly what the Company intended with
12 their program designs.

13 Mr. Mosenthal is not correct in implying Ameren Missouri is just beginning to
14 seriously pursue DSM. As discussed earlier in my testimony, the Cycle 1 programs
15 implemented from 2009-11 were very successful and achieved approximately 553,000 MWH
16 in energy savings. We have significant experience running similar programs during Cycle 1,
17 and our proposed programs and anticipated participation levels are based on industry best
18 practices, a thorough potential study completed in 2010, and include information learned
19 from our experiences during our Cycle 1 programs, including the results of those program
20 evaluations.

⁷ This also addresses the Staff's contention that the Company must comply with 4 CSR 240-14.030, which requires that tariffs be filed before a new promotional practice is offered.

1 **Q. Mr. Mosenthal indicated at page 64, lines 18-19 of his rebuttal testimony**
2 **that Ameren Missouri's program templates are at the level common for many utility**
3 **filings. Do you agree?**

4 A. Yes. As discussed earlier in my testimony, the current level of program detail
5 is written at a high level because we cannot refine program details until we get input from
6 and collaborate with the implementers. I also agree with Mr. Mosenthal's opinion on the
7 importance of flexibility on page 65, lines 1-6 of his rebuttal testimony, as indicated earlier in
8 my testimony. This is also borne out by the ACEEE report which I discussed earlier.

9 **Q. Mr. Mosenthal offers several suggestions on specific program design on**
10 **pages 64-74 of his rebuttal testimony. Do you agree?**

11 A. In general, Ameren Missouri appreciates Mr. Mosenthal's suggestions on
12 specific program design, and will consider them when we discuss program design details
13 with the implementers selected through the RFP process if the Commission approves the
14 Company's MEEIA filing. Ameren Missouri does have some concerns with some of Mr.
15 Mosenthal's program design comments but, since he indicated that the program design
16 generally covers the major opportunities and includes the most typical programs industry-
17 wide, combined with the fact that the Company will adjust program designs based on the
18 experience of the EE program implementers once hired, we will not provide specific
19 comment on each of our concerns with Mr. Mosenthal's program design testimony. The
20 comments below are indicative, but not inclusive, of the type of concerns we have with this
21 aspect of his testimony.

1 **Q. Do you agree that the proposed programs missed the small commercial**
2 **and market-rate multifamily markets as Mr. Mosenthal suggested at page 65 lines,**
3 **15-18 of his rebuttal testimony?**

4 A. No. Our Cycle 1 results indicate that 33% of projects were completed by 2M
5 Small General Service customers. The Cycle 1 programs were designed to offer a relatively
6 simple process for business customers to "self-service" for energy efficiency projects. Our
7 implementation contractor also did a great job of catering to small business customers.
8 Additionally, the Business Program nurtures a Trade Ally Network that is able to provide a
9 great deal of support to smaller customers that do not have in-house staff knowledgeable on
10 energy efficiency improvements. With regard to the market-rate multi-family market, a
11 combination of our Residential and Business programs will adequately serve this market.
12 Those programs include Residential Lighting, Energy Efficient Products, HVAC, and
13 Business Custom and Standard.

14 **Q. Mr. Mosenthal suggested at page 72, lines 3-9 of his rebuttal testimony**
15 **that the Custom program appears to characterize many salient aspects of a typical**
16 **custom program he would agree with but he is concerned with the level of**
17 **“handholding.” What is your response?**

18 A. Our Cycle 1 Business EE Program provided several possible means of support
19 for customers, and we expect this support to continue to increase if we are given the
20 opportunity to implement our MEEIA filing. We relied heavily on a Trade Ally Network so
21 customers could use familiar contractors for project support. Our implementation contractor,
22 Lockheed Martin, had a Business Development Team that provided information and support
23 (including facility site visits) directly to customers throughout the process. Also, Ameren

1 Missouri has Key Account Executives for the largest customers and Customer Service
2 Advisors for other mid-size customers to provide information on energy efficiency as well as
3 other aspects of conducting business with the Company. The Business Energy Efficiency
4 Program also has on-going outreach to customers and the Trade Ally Network through the
5 Powerful Solutions e-newsletter, Trade Ally Network meetings and dedicated quarterly
6 newsletter, a robust website, and training classes.

7 **Joint Utility EE Programs and Fuel Switching**

8 **Q. Specifically, what issues regarding Laclede Gas Company's ("LGC")**
9 **rebuttal testimony will you address?**

10 A. I will address two issues. The first is the issue of pursuing joint gas-electric
11 energy efficiency programs where they may be beneficial to customers, and the second
12 relates to the fuel switching issue, both of which were raised by LGC witness James Travis.

13 **Q. What is your position on joint gas-electric EE?**

14 A. I agree with the concept of joint gas-electric EE programs where they are
15 beneficial to and desired by customers. Utilities should also educate customers on all energy
16 efficiency opportunities (electric, gas, state, federal, etc.) so they have the information they
17 need to make the right energy savings decision. Ameren Missouri has frequently interacted
18 with LGC in the past on program improvement opportunities and certainly plans to continue
19 to interact with LGC and other entities to ensure we implement performance-leading energy
20 efficiency programs as planned for in our MEEIA filing.

21 **Q. Please provide some recent examples of Ameren Missouri's efforts to**
22 **work with LGC on gas-electric EE programs.**

Surrebuttal Testimony of
Daniel G. Laurent

1 A. The following are some examples that are indicative of how Ameren Missouri
2 has frequently interacted with LGC on gas-electric EE opportunities.

3 • Residential: MFIQ Program. Ameren Missouri interacted with LGC
4 numerous times during Cycle 1 to identify opportunities to collaborate. Early discussions
5 concluded with general agreements to keep each other informed about program opportunities
6 to collaborate. Continued discussions resulted in Ameren Missouri providing LGC with a
7 redacted Honeywell Energy Solutions contract and a list of completed MFIQ multifamily
8 units that LGC could solicit for implementation of gas hot water heater measures.
9 Honeywell provided LGC a proposal to provide the gas efficiency measure implementation
10 services, but didn't receive a response to their proposal. According to Honeywell, LGC did
11 not return calls from Honeywell. When pressed by Ameren Missouri, LGC indicated they
12 were waiting to see the results of the Ameren Missouri MFIQ Program.

13 • Business: A good example for businesses involved a hotel in St. Louis which
14 utilized Ameren Missouri's business energy efficiency program. Working with a trade ally
15 partner, we acted on an opportunity to install room occupancy sensors to control the
16 individual HVAC units. During the engineering analysis of this opportunity Ameren
17 Missouri contacted LGC from the customer's office after recognizing the project involved
18 both electric and gas savings opportunities. Successful implementation of the project
19 reduced the hotel's annual electrical consumption by over 700,000 kWh and by nearly an
20 equivalent amount of natural gas energy.

21 Utilizing lessons learned from the hotel experience, Ameren Missouri worked with
22 LGC on a cost parsing proposal that was ultimately accepted by both parties and
23 subsequently shared with all stakeholders at the Ameren Missouri quarterly regulatory update

1 on April 19, 2010. The cost parsing calculation splits the full measure implementation cost
2 based on source fuel energy savings. Each utility can then do the appropriate cost-
3 effectiveness test to ensure the measure is eligible for incentives. The resulting parsing
4 agreement is currently still in effect.

5 **Q. Are there other examples of joint electric-gas collaboration?**

6 A. Yes. The Ameren Missouri Business EE Team routinely promotes the LGC
7 and Ameren Missouri gas EE incentives to customers and the Trade Ally Network to raise
8 awareness and cross sell incentives for customer benefit where appropriate. The Ameren
9 Missouri Business EE Team held at least two formal meetings with LGC, Ameren Missouri
10 Gas, and our Lockheed Martin's Business Development Team to identify opportunities to
11 collaborate. The agreements reached were to make referrals to customers and ensure that we
12 are communicating opportunities with each other both for customer projects and for
13 educational opportunities.

14 **Q. So, are joint gas-electric energy efficiency programs a good idea?**

15 A. In general, yes, because in theory encouraging gas and electric customer
16 energy savings through cost effective EE incentive programs is desirable. But there are
17 difficulties putting theory into practice, especially when trying to collaborate with a separate
18 utility operating under different regulatory models, budgets, EE philosophy, etc. Ameren
19 Missouri has proposed a pilot Home Energy Performance Program, for customers that have
20 both Ameren Missouri electric and gas service, to learn more about gas-electric EE program
21 opportunities for residential customers. Ameren Missouri looks forward to working with
22 LGC and other utilities in the future and welcomes any constructive ideas that have been
23 analyzed to be cost-effective and will benefit Missouri customers.

1 **Q. What is your position on fuel switching?**

2 A. Fuel switching, if it were induced by a load-building program, may be
3 prohibited under the Commission's promotional practices rule. In other words, a promotional
4 effort by a utility to convince a customer to choose electric over gas or vice-versa (load-
5 building) appears to at least be discouraged by the Commission's rules. Ameren Missouri's
6 proposed EE programs in this MEEIA filing do not reflect such a promotional effort.

7 **Q. Mr. Travis recommends customer EE program restrictions on page 14,**
8 **lines 1-18 of his rebuttal testimony. Are these proposed restrictions appropriate?**

9 A. No, they are not. Ameren Missouri should encourage and allow all eligible
10 customers to participate in any Ameren Missouri EE program for which they qualify because
11 the customers are paying for the programs and the programs are not part of any effort to
12 induce a customer to choose electricity over gas; i.e., they are not load-building programs.

13 **Q. Please explain how the programs influence customer choices.**

14 A. There are various factors each unique customer may take into account when
15 deciding which appliance (e.g., gas or electric furnace or water heater) is appropriate for
16 them. No utility should make that choice for them or restrict their choices simply because of
17 the fuel they may currently utilize. Ameren Missouri goes through a very rigorous process to
18 determine whether programs and measures are cost-effective. This analysis is transparent
19 and included with this filing. The independent third-party EMV contractors also thoroughly
20 analyze the cost-effectiveness of Ameren Missouri's EE programs. Ameren Missouri EE
21 program incentives are not sufficient to cause fuel switching and are designed only to
22 encourage customers to choose higher efficiency equipment than what the customers
23 originally planned.

1 **Q. Please explain your last point – that the incentives are not sufficient to**
2 **cause fuel switching?**

3 A. While it is true that some customers chose to fuel switch from natural gas to
4 electric, it should not be due to Ameren Missouri's electric EE incentive offering. A simple
5 example clearly illustrates this point.

6 Assume a customer with an existing operational natural gas furnace and central air
7 conditioner decided to upgrade their system. Their choices were either a new furnace and
8 new air conditioner or a heat pump. The customer could have installed a baseline efficiency
9 air conditioner with a SEER of 13 and a new furnace, but would not have received any
10 Ameren Missouri incentives for the air conditioner. If they installed a more efficient air
11 conditioner, they would have qualified for an incentive under the Ameren Missouri
12 CheckMe! Program of \$650 for a SEER of at least 14 but less than 16, or \$850 for a SEER of
13 16 or greater. If they chose to install an air source heat pump ("ASHP"), they would have
14 received the same rebates as a similar efficiency air conditioner. That is, they would not
15 have received any rebate if they installed one with a SEER of 13, which is considered the
16 baseline efficiency. They would have received a rebate of \$650 for a ASHP with a SEER of
17 at least 14 but less than 16, or \$850 for a SEER of 16 or greater. In addition, the incentive is
18 a smaller percentage of the cost of the ASHP than it is for an air conditioner. Consequently,
19 Ameren Missouri has not provided an incentive to encourage customers to switch from a gas
20 furnace to a heat pump. The customer has already made that decision based either on
21 personal preference, installation costs, or their perspective on the future prices of electricity
22 and natural gas. Ameren Missouri has only provided the incentive to purchase a *more*
23 *efficient* ASHP than the baseline efficiency available.

1 **Q. Should customers that currently utilize a natural gas measure be**
2 **forbidden from receiving an electric EE incentive if they choose to switch to an electric**
3 **measure?**

4 A. Absolutely not. The electric EE incentives are based only on the electric EE
5 savings they will encourage. For example, if a customer has a gas furnace, they won't
6 receive an incentive or be encouraged to switch to an electric furnace. However, if the
7 customer has already made a decision to convert from a gas furnace to a basic electric
8 furnace for whatever reason and wants to utilize Ameren Missouri's electric EE program
9 incentive to help pay for a portion of the incremental cost of a more efficient measure, they
10 should be allowed to do so. Again, we do not promote fuel switching but provide incentives
11 that have been designed only to provide enough financial incentive to encourage customers
12 to consider a higher efficiency model of their chosen type of appliance.

13 **EE Line Item on Customer Bills**

14 **Q. Staff witness Mike Scheperle recommends that a separate line item be**
15 **placed on customer bills for the charges attributable to demand-side programs**
16 **approved under MEEIA. What are your thoughts on this recommendation?**

17 A. As I understand it, this would be a second line item related to EE, the first for
18 pre-MEEIA EE programs and the second for MEEIA EE programs. Two separate lines will
19 create customer confusion and potential irritation as well as increase the difficulty of fitting
20 additional information in the existing limited space on the customer bills. Customers prefer
21 bills that are simple and easy to read and a second EE line item will make the bills more
22 crowded, harder to read, and could ultimately substantially increase mailing costs. From a
23 practical standpoint, I'm unclear on what value an extra EE line item would deliver to

Surrebuttal Testimony of
Daniel G. Laurent

1 customers. The existing line item should be sufficient to provide customers helpful
2 information regarding their investment in EE programs. However, if the Commission
3 determines that the MEEIA statute requires a second line item, it is my recommendation that
4 it read "Energy Efficiency Investmnt Charge"⁸ instead of the language recommended by the
5 Staff. The Staff's recommended use of the phrase "Demand-Side Inv Recovery" is more
6 confusing to the average customer, who doesn't generally understand what "demand-side"
7 means and who doesn't generally understand what "recovery" means.

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

9 **A.** Yes, it does.

⁸ An "e" was omitted from the word "investment" due to space limitations on the Company's bills.

APPLYING TO MISSOURI SERVICE AREA

RESIDENTIAL ENERGY EFFICIENCY

PURPOSE

The purpose of the Residential Energy Efficiency Program, which consists of seven discrete programs, is to proactively impact residential customer energy use in such a way as to reduce consumption of electricity. With the exception of the Low Income program, the programs included in this tariff are cost effective having a Total Resource Cost Test ratio of greater than 1.0

DEFINITIONS

Capitalized terms not otherwise defined in Tariff Sheet Nos. 236 through 258 have the following meanings:

DSIM (Demand-Side Investment Mechanism)

A mechanism approved by the Commission in a utility's filing for demand-side program approval to encourage investments in demand-side programs.

Incentive

Any consideration provided by the Company, through the Program Administrator and Program Partners, including buydowns, markdowns, rebates, bill credits, payments to third parties, direct installation, giveaways, and education, which encourages the adoption of energy efficient equipment, systems, or practices.

Measure

An end-use measure, as defined in 4 CSR 240-22.020(18), (20), and (21).

Program Administrator

The entity selected by the Company to provide program design, promotion, administration, implementation, and delivery of services.

Program Period - The period from [TBD based upon timing of MEEIA plan approval] through [three years later], unless sooner terminated under the TERM provision of this tariff. Discrete Programs may have slightly earlier deadlines for certain activities, as noted on the Company's website www.ActOnEnergy.com.

Program Partner

A retailer, distributor or other service provider that the Company or the Program Administrator has approved to provide specific program services through execution of a Company approved service agreement.

Total Resource Cost Test (TRC) - A test of the cost-effectiveness of demand-side programs that compares the sum of avoided utility costs plus avoided probable environmental costs to the sum of all incremental costs of end-use measures that are implemented due to the program (including both Company and Participant contributions), plus utility costs to administer, deliver and evaluate each demand-side program to quantify the net savings obtained by substituting the demand-side program for supply resources.

Schedule DGL-1

DATE OF ISSUE _____ DATE EFFECTIVE _____

ISSUED BY Warner L. Baxter President & CEO St. Louis, Missouri
 NAME OF OFFICER TITLE ADDRESS

APPLYING TO MISSOURI SERVICE AREA

RESIDENTIAL ENERGY EFFICIENCY (cont.)

AVAILABILITY

Except as otherwise provided in the terms governing a particular, discrete program, residential energy efficiency programs are available to residential customers in the Company's Missouri service area being served under the Residential Service Rate 1(M) rate schedule. However, some discrete programs may only be available to customers with certain attributes as described in the tariff sheets governing each specific, discrete program. Some programs may also require that services be phased-in on a geographical or other basis to better manage resources. Some services may only be available through participating Program Partners.

Monetary incentives are not payable to a customer participating in a residential energy efficiency program that has received a state tax credit under sections 135.350 through 135.362, RSMo, or under sections 253.545 through 253.561, RSMo.

Unless otherwise provided for in the tariff sheets governing a particular, discrete Program, customers may participate in multiple Programs, but may receive only one Incentive per Measure.

TERM

This tariff and the tariffs reflecting each specific, discrete residential energy efficiency program shall be effective from [TBD] through [three years after commencement date], except that the seven discrete programs shall terminate immediately, and without further Commission action, on the effective date of any court order, judgment, or opinion or Commission order that:

1. Finds recovery of lost revenue is not authorized by The Missouri Energy Efficiency Investment Act (MEEIA) or any other Missouri law; or
2. Changes or eliminates the approved DSIM or Technical Resource Manual.

If the programs are terminated prior to [three years after commencement] under this provision, only Incentives that a customer has already fully qualified for prior to the programs' termination will be provided to the customer.

DESCRIPTION

The reductions in energy consumption will be accomplished through the following discrete programs:

- Lighting
- Energy Efficient Products
- HVAC
- Refrigerator Recycling
- Home Energy Performance Pilot
- Energy Star® New Homes
- Low Income

Schedule DGL-1

DATE OF ISSUE _____ DATE EFFECTIVE _____

ISSUED BY Warner L. Baxter President & CEO St. Louis, Missouri
 NAME OF OFFICER TITLE ADDRESS

APPLYING TO

MISSOURI SERVICE AREA**RESIDENTIAL ENERGY EFFICIENCY (cont.)**

Program details regarding the interaction between the Company or Program Administrators and customers participating in the Programs, such as Incentives paid directly to customers, available Measures, availability of the programs, eligibility, and application and completion requirements may be adjusted through the change process as presented below. Those details, additional details on each discrete program, and other details such as process flows, application instructions, and application forms, will be provided on the Company's website www.ActOnEnergy.com, or by calling the Company's Energy Advisor Center toll free 1-866-422-4605.

CHANGE PROCESS

The change process is applicable to changes in a program detail regarding the interaction between the Company or Program Administrators and customers participating in the Programs.

- 1) Identify need for program detail change regarding the interaction between the Company or Program Administrators and customers participating in the Programs;
- 2) Discuss proposed change with implementer;
- 3) Discuss proposed change with evaluator;
- 4) Analyze impact on program and portfolio (Cost effectiveness, goal achievement, etc.);
- 5) Inform the Staff and Office of the Public Counsel of the proposed change, the time within which it needs to be implemented, provide them the analysis that was done, and consider recommendations from them that are received within the implementation timeline;
- 6) Take timely received recommendations into account and incorporate them where the Company believes it is appropriate to do so;
- 7) Notify and train customer contact personnel (Contact Center, Energy Advisors, Business Center, Key Account Executives, Customer Service Advisors) of the changes;
- 8) Make changes to forms and promotional materials;
- 9) Update program website;
- 10) File updated web pages in an informational docket on EFIS; and
- 11) Inform Customers, Trade Allies, etc.

Company will also continue to discuss and provide information on ongoing program and portfolio progress at quarterly regulatory stakeholder update meetings.

Schedule DGL-1

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ISSUED BY Warner L. Baxter President & CEO St. Louis, Missouri
NAME OF OFFICER TITLE ADDRESS

APPLYING TO

MISSOURI SERVICE AREA

RESIDENTIAL ENERGY EFFICIENCY (cont.)

PROPOSED PROGRAM ENERGY SAVINGS TARGETS

Note that energy savings targets may be shifted between discrete programs depending on market response, changes in technology, or similar factors.

	Annual kWh Savings Targets			Total by Program
	2013	2014	2015	
Lighting	121,257,847	96,836,711	62,371,215	280,465,773
Efficient Products	7,512,796	15,767,889	25,086,781	48,367,466
HVAC	17,218,114	36,642,847	63,386,189	117,247,150
Refrigerator Recycling	11,739,510	11,949,610	13,888,077	37,577,196
Home Energy Performance	1,070,199	1,070,199	1,070,199	3,210,597
Energy Star New Homes	678,990	1,439,630	2,815,884	4,934,505
Low Income	5,797,743	4,530,478	3,338,190	13,666,410
TOTAL	165,275,199	168,237,364	171,956,535	505,469,097

	Annual kW Demand Savings Estimates Based On kWh Savings Targets			Total by Program
	2013	2014	2015	
Lighting	3,647	2,911	1,875	8,433
Efficient Products	1,273	2,552	3,838	7,663
HVAC	12,361	24,303	36,745	73,409
Refrigerator Recycling	1,636	1,664	1,934	5,234
Home Energy Performance	352	351	350	1,053
Energy Star New Homes	82	272	639	993
Low Income	774	841	744	2,359
TOTAL	20,125	32,894	46,125	99,144

Schedule DGL-1

DATE OF ISSUE _____

DATE EFFECTIVE _____

ISSUED BY Warner L. Baxter
NAME OF OFFICER

President & CEO
TITLE

St. Louis, Missouri
ADDRESS

MO.P.S.C. SCHEDULE NO. 5 3rd Revised SHEET NO. 240

CANCELLING MO.P.S.C. SCHEDULE NO. 5 2nd Revised SHEET NO. 240

APPLYING TO MISSOURI SERVICE AREA

PROGRAM COSTS

Costs of the Residential Energy Efficiency Program reflected herein shall be reflected in a charge titled "Energy Efficiency Investmnt Recovery" appearing as a separate line item on customers' bills and applied to customers' bills as a per kilowatt-hour charge as specified in the Residential Service Rate 1(M) rate schedule. All customers taking service under said rate schedule shall pay the charge regardless of whether a particular customer utilizes a demand-side program available hereunder.

PROGRAM DESCRIPTIONS

The following pages contain descriptions and terms for the discrete programs being offered under this tariff.

Schedule DGL-1

DATE OF ISSUE _____ DATE EFFECTIVE _____

ISSUED BY Warner L. Baxter President & CEO St. Louis, Missouri
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MO.P.S.C. SCHEDULE NO. 5 2nd Revised SHEET NO. 241

CANCELLING MO.P.S.C. SCHEDULE NO. 5 1st Revised SHEET NO. 241

APPLYING TO MISSOURI SERVICE AREA

RESIDENTIAL ENERGY EFFICIENCY
Lighting Program

PURPOSE

The Lighting Program is intended to reduce energy use in residential lighting by encouraging selection of ENERGY STAR®-qualified lighting products.

AVAILABILITY

The Lighting Program is available for the Program Period, and Residential customers may participate in the Lighting Program by acquiring program ENERGY STAR® Compact Fluorescent Lamps (CFLs), ENERGY STAR® LED lighting products, ENERGY STAR® fixtures, and other emerging ENERGY STAR®-qualified lighting technologies from participating Program Partners through purchase or other approved distribution method.

PROGRAM PROVISIONS

The Company will hire a Program Administrator to implement this program. The Program Administrator will provide the necessary services to effectively implement the program and to strive to attain the energy savings targets. The Lighting Program Administrator will provide Lighting Program services to Program Partners for the purpose of increasing awareness, sales, and market share of residential ENERGY STAR®-qualified products promoted by the Lighting Program.

Lighting Program promotions will be made available at Program Partner locations within the Company's electric service territory. The Lighting Program will provide Incentives to facilitate sales or distribution of a lighting product. Participating Lighting Program Partners will be listed on the ActOnEnergy.com website with store name and location listed as well as any in-store promotions being offered.

ELIGIBLE MEASURES AND INCENTIVES

Energy Efficient Lighting Products covered by the Technical Resource Manual (TRM) approved in Case No. EO-2012-0142 are eligible for program benefits and Incentives and may be offered for promotion during the Program Period.

Schedule DGL-1

DATE OF ISSUE _____ DATE EFFECTIVE _____

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APPLYING TO MISSOURI SERVICE AREA

RESIDENTIAL ENERGY EFFICIENCY
Energy Efficient Products Program

PURPOSE

The purpose of the Energy Efficient Products Program is to raise customer awareness of the benefits of "high-efficiency" products (ENERGY STAR®, Consortium for Energy Efficiency (CEE) Tiers, or better). The Program is intended to reduce energy use by encouraging residential customers to purchase qualifying efficient products.

AVAILABILITY

The Energy Efficient Products Program is available for the Program Period, and Residential customers may participate in the Program by acquiring program energy efficient products from participating Program Partners through purchase or other approved distribution method.

PROGRAM PROVISIONS

The Company will hire a Program Administrator to implement this program. The Program Administrator will provide the necessary services to effectively implement the program and to strive to attain the energy savings targets. The Efficient Products Program incorporates various program partners, products, Incentive mechanisms and program delivery strategies. The Company and the Program Administrator will follow a multi-faceted approach to marketing highly efficient appliances, electronics and products with an emphasis on ENERGY STAR®. Company will leverage the CEE and others to identify efficiency tiers above ENERGY STAR® for additional products.

ELIGIBLE MEASURES AND INCENTIVES

Energy Efficient Products covered by the Technical Resource Manual (TRM) approved in Case No. EO-2012-0142 are eligible for program benefits and Incentives and may be offered for promotion during the Program Period.

Schedule DGL-1

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SHEET NO. 242

CANCELLING MO.P.S.C. SCHEDULE NO. 5

1st Revised

SHEET NO. 242

APPLYING TO

MISSOURI SERVICE AREA

RESIDENTIAL ENERGY EFFICIENCY

HVAC

PURPOSE

The purpose of the HVAC Program is to obtain energy and demand savings through improvement in the operating performance of new or existing residential central cooling systems.

AVAILABILITY

The HVAC Program is available for the Program Period, and Services under this Program are available to Customers on the Residential Service Rate 1(M) with central cooling systems.

PROGRAM PROVISIONS

The Residential HVAC program improves the efficiency of new, and existing central air conditioning systems, including heat pumps, by replacing or improving the efficiency of legacy cooling systems within the home.

The Company will hire a Program Administrator to implement this program. The Program Administrator will provide the necessary services to effectively implement the program and to strive to attain the energy savings targets. Company will provide Incentives to encourage sales of energy efficient products and for properly installed HVAC energy saving upgrades

The program will employ the Program Administrator's preferred protocols to verify system eligibility for program measures.

ELIGIBLE MEASURES AND INCENTIVES

HVAC related program measures covered by the Technical Resource Manual (TRM) approved in Case No. EO-2012-0142 are eligible for program benefits and Incentives and may be offered for promotion during the Program Period.

Schedule DGL-1

DATE OF ISSUE _____

DATE EFFECTIVE _____

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APPLYING TO MISSOURI SERVICE AREA

RESIDENTIAL ENERGY EFFICIENCY
Refrigerator Recycling Program

PURPOSE

The Refrigerator Recycling Program (Program) is a voluntary program designed to encourage the retirement of inefficient, working refrigerators and freezers by providing an Incentive to take the units out of homes and recycle them in an environmentally safe manner.

AVAILABILITY

The Refrigerator Recycling Program is available during the Program Period. All Company customers receiving service under the Residential Service Rate 1(M) are eligible for this program.

PROGRAM PROVISIONS

The Company will hire a Program Administrator to implement this program. The Program Administrator will provide the necessary services to effectively implement the program and to strive to attain the energy savings targets. The following general process will be followed to serve Participants in the Program:

- Participants contact the Program toll-free or online at www.ActOnEnergy.com to schedule the appliance pickup.
- At the Participant's address the Program Partner team verifies the unit is eligible and removes it from the home.
- The unit is taken to the Program Partner facility and all materials are recovered for recycling or disposed of in accordance with Environmental Protection Agency (EPA) approved practices.
- Incentives are sent to Participants following the pick-up appointment.

ELIGIBLE MEASURES AND INCENTIVES

Recycling related Measures (refrigerators and freezers) covered by the Technical Resource Manual (TRM) approved in Case No. EO-2012-0142 are eligible for program benefits and Incentives and may be offered for promotion during the Program Period.

DATE OF ISSUE _____ DATE EFFECTIVE Schedule DGL-1

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APPLYING TO

MISSOURI SERVICE AREA

RESIDENTIAL ENERGY EFFICIENCY
Home Energy Performance Pilot

PURPOSE

The purpose of the Home Energy Performance (HEP) Pilot is to find a cost-effective dual fuel whole home auditing solution. Company is planning to work with gas and electric customers on a whole house basis to save energy using the combined energy savings as well as shared costs where feasible to create a working program that can be applied service area-wide.

AVAILABILITY

Services under this program are available to Residential customers on the Residential Service Rate 1(M) who reside in single family homes where both the gas and electric service are provided by Company. Company will initiate the HEP Program as early during the Program Period as is practical.

PROGRAM PROVISIONS

Home Energy Performance is a pilot energy efficiency program focused on a whole house approach to educate residential customers about energy use in their homes and to offer information, products, and services to residential customers to save energy wisely. This allows the customer to identify and initiate the process of installing long-term energy efficiency upgrades and practices. The HEP program itself may have multiple components. In addition, it provides yet another entryway for customers to take advantage of the Company's entire portfolio of residential energy efficiency solutions. The implementation team will attempt to leverage the Company's other discrete residential programs. For example, as warranted, the homeowner may be encouraged to participate in the HVAC, lighting and efficient products Programs to deliver additional discounted energy savings as determined by an audit.

ELIGIBLE MEASURES AND INCENTIVES

Home Energy Performance measures covered by the Technical Resource Manual (TRM) approved in Case No. EO-2012-0142 are eligible for program benefits and incentives and may be offered for promotion during the Program Period.

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APPLYING TO MISSOURI SERVICE AREA

RESIDENTIAL ENERGY EFFICIENCY
ENERGY STAR® New Homes

PURPOSE

The objective of this Program is to increase consumer awareness of and demand for ENERGY STAR® version 3.0 single family homes while increasing the building industry's willingness and ability to construct energy-efficient homes.

AVAILABILITY

The ENERGY STAR® New Homes Program is available for the Program Period, and Services under this Program are available to builders of single family homes which will be on the Residential Service Rate 1(M).

PROGRAM PROVISIONS

The Company will hire a Program Administrator to implement this program. The Program Administrator will provide the necessary services to effectively implement the program and to strive to attain the energy savings targets. New construction covers the building of new energy-efficient homes, including the new home's envelope (outer walls, windows, doors, skylights, roof and insulation), HVAC system, ductwork, lighting and appliances. The program targets builders with a package of training, technical and marketing assistance and incentives for construction of higher efficiency homes.

The Program provides Incentives to builders to defray the incremental costs of reaching higher efficiency levels. Key aspects of Program Administrator's proposed implementation plans should include the following components:

- Leverage existing infrastructure of builders.
- Provide builder training on ENERGY STAR® requirements, compliance paths, incentive structures and the marketing strategy.
- Recruit Electrical and HVAC contractors as their ability to perform greatly influences the success of the program.
- Establish incentive structure.
- The program may offer lender, realtor and appraiser training courses.

ELIGIBLE MEASURES AND INCENTIVES

ENERGY STAR® New Homes measures covered by the Technical Resource Manual (TRM approved in Case No. EO-2012-0142 are eligible for program benefits and incentives and may be offered for promotion during the Program Period.

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RESIDENTIAL ENERGY EFFICIENCY

Low Income Program

PURPOSE

The objective of this program is to deliver long-term energy savings and bill reductions to low-income customers. This will be achieved through education and a variety of cost-saving measures, including direct installation measures.

AVAILABILITY

The Low Income Program is available for the Program Period to Income qualified dwelling units of multifamily properties of three (3) or more dwelling units receiving electric service from the Company. For the purposes of this Program the term "income qualified" refers to tenant occupants residing in federally subsidized housing units and who fall within that federal program's income guidelines. Typical tenants will be elderly or disabled individuals and families that are income qualified, in multifamily apartment buildings.

PROGRAM DESCRIPTION

The Company will hire a Program Administrator to implement this program. The Program Administrator will provide the necessary services to effectively implement the program and to strive to attain the energy savings targets. The Program Administrator will provide direct installation of Program-specified Standard Measure energy efficiency Measures in income qualified dwelling units in multifamily residential buildings.

Incentives under this Program will only be provided toward income qualified dwelling units. However, as a requirement of Program participation, comparable energy efficiency Measures must be installed in all dwelling units, both low income and market rate, located on the premises.

Measures installed pursuant to the Program, except for non-incented Measures for market rate units, are not eligible for Incentives through any of the Company's other Energy Efficiency programs.

ELIGIBLE MEASURES AND INCENTIVES

Low Income measures covered by the Technical Resource Manual (TRM) approved in Case No. EO-2012-0142 are eligible for program benefits and incentives and may be offered for promotion during the Program Period.

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SHEET NO. 247

CANCELLING MO.P.S.C. SCHEDULE NO. 5

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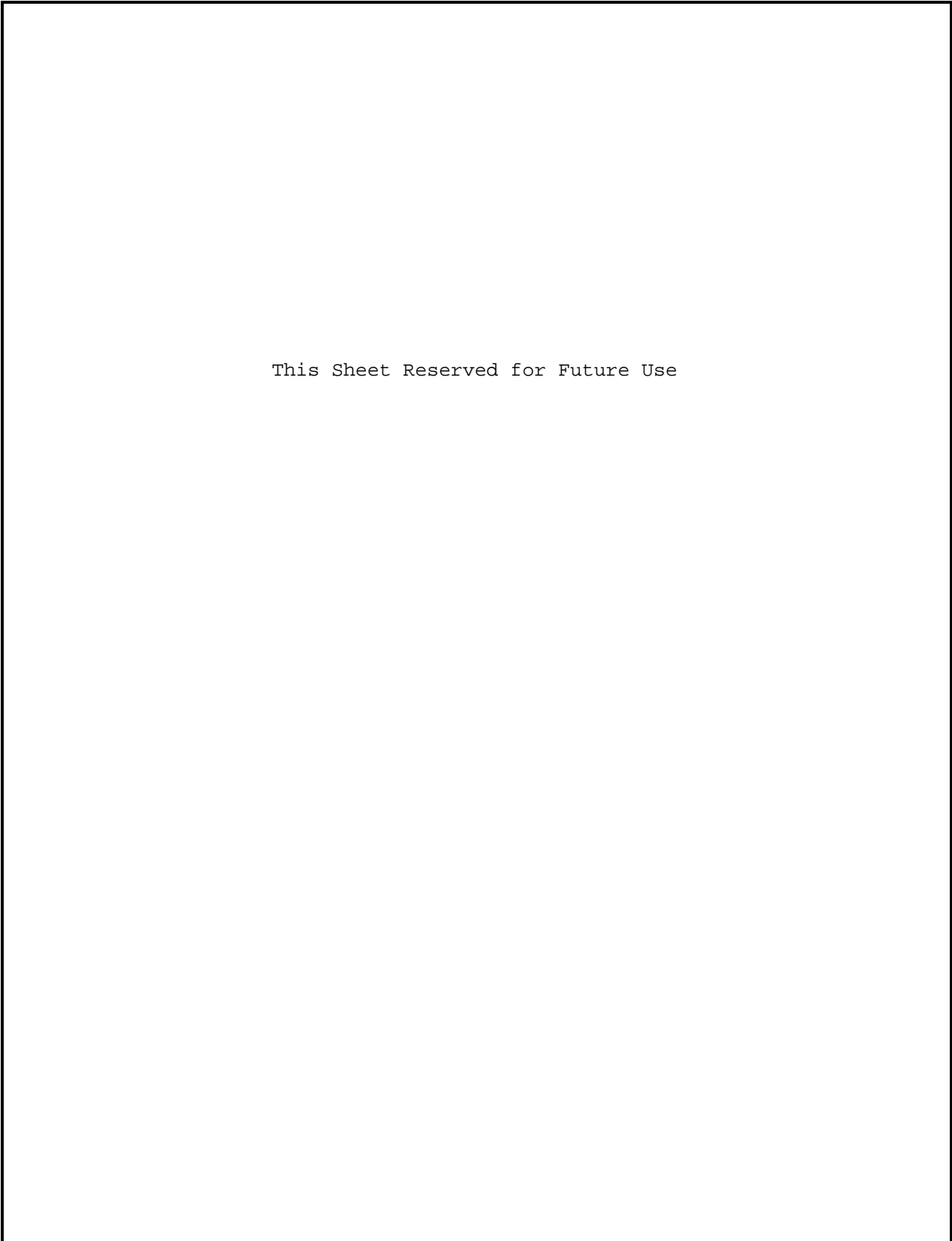
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APPLYING TO MISSOURI SERVICE AREA

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MO.P.S.C. SCHEDULE NO. 5 3rd Revised SHEET NO. 258

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APPLYING TO MISSOURI SERVICE AREA



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Schedule DGL-1

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APPLYING TO

MISSOURI SERVICE AREA

BUSINESS ENERGY EFFICIENCY

PURPOSE

The purpose of the Business Energy Efficiency Program, which consists of four discrete programs, is to proactively impact Commercial & Industrial (C&I) customer energy use in such a way as to reduce consumption of electricity. The programs included in this tariff are cost effective by having a Total Resource Cost Test ratio of greater than 1.0.

DEFINITIONS

Unless otherwise defined, capitalized terms used in Tariff Sheet Nos. 225 through 235.9 have the following meanings:

Applicant - A customer who has submitted a program application or has had a program application submitted on their behalf by an agent or Trade Ally.

DSIM (Demand-Side Investment Mechanism)

A mechanism approved by the Commission in a utility's filing for demand-side program approval to encourage investments in demand-side programs.

Incentive - Any consideration provided by the Company directly or through the Program Administrator, including in the form of cash, bill credit, payment to third party, donations or giveaways, or public education programs, which encourages the adoption of energy efficient equipment, systems, or practices.

Measure - An end-use measure, as defined in 4 CSR 240-22.020(18), (20), and (21).

Participants - End use customers and/or manufacturers, installers, and retailers providing qualifying products or services to end use customers.

Program Administrator - An implementation contractor to provide program design, promotion, administration, implementation, and delivery of services under one or more of the discrete programs.

Program Period - The period from [TBD based upon timing of MEEIA plan approval] through [three years later] unless sooner terminated under the TERM provision of this tariff. Discrete Programs may have slightly earlier deadlines for certain activities, as noted on the Company website www.ActOnEnergy.com.

Project - One or more Measures proposed by an Applicant in a single application.

Total Resource Cost(TRC) Test - A test of the cost-effectiveness of demand-side programs that compares the sum of avoided utility costs plus avoided probable environmental costs to the sum of all incremental costs of end-use measures that are implemented due to the program (including both Company and Participant contributions), plus utility costs to administer, deliver and evaluate each demand-side program to quantify the net savings obtained by substituting the demand-side program for supply resources.

Schedule DGL-2

DATE OF ISSUE _____

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APPLYING TO MISSOURI SERVICE AREA

BUSINESS ENERGY EFFICIENCY (Cont'd)

Measure Benefit/Cost(B/C) Test- Each non-prescriptive measure must pass the B/C Test by having a value of 1.0 or greater. B/C Test value equals the present value of the benefits of the Measure over the useful life of the Measure divided by the incremental cost to implement the Measure. The benefits of the Measure include the utility estimated avoided costs.

AVAILABILITY

Except as otherwise provided in the terms governing a particular, discrete program, business energy efficiency programs are available uniformly to all customers qualifying for service under Service Classifications Small General Service Rate 2(M), Large General Service Rate 3(M), Small Primary Service Rate 4(M), Large Primary Service Rate 11(M), or Large Transmission Service Rate 12(M). However, some discrete programs may only be available to customers with certain attributes as described in the tariff sheets governing each specific, discrete program.

Business energy efficiency programs are also not available to customers electing to opt-out of energy efficiency program funding under 4 CSR 240-20.094(6), and monetary incentives that otherwise would be payable under a program are not available to those that have received a state tax credit under sections 135.350 through 135.362, RSMo, or under sections 253.545 through 253.561, RSMo. However, a customer electing not to participate in an electric utility's demand side management programs under 4 CSR 240-20.094(6) shall still be allowed to participate in interruptible or curtailable rate schedules of tariffs offered by the electric utility. None of the business energy efficiency programs are considered to be an interruptible or curtailable rate schedule.

Unless otherwise provided for in the tariff sheets governing a particular, discrete Program, customers may participate in multiple Programs, but may receive only one Incentive per Measure.

TERM

This tariff and the tariffs reflecting each specific, discrete business energy efficiency program shall be effective from [TBD} through [three years after commencement date], except that the four discrete programs shall terminate immediately, and without further Commission action, on the effective date of any court order, judgment, or opinion or Commission order that:

1. Finds recovery of lost revenue is not authorized by MEEIA or any other Missouri law; or
2. Changes or eliminates the approved DSIM or Technical Resource Manual.

If the programs are terminated prior to [three years after commencement] under this provision, only Incentives that a customer had already fully qualified for prior to the programs' termination will be provided to the customer.

Schedule DGL-2

DATE OF ISSUE _____ DATE EFFECTIVE _____

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APPLYING TO

MISSOURI SERVICE AREA**DESCRIPTION**

The reductions in energy consumption will be accomplished through the following discrete programs:

- Standard Incentive Program
- Custom Incentive Program
- Retro-commissioning Incentive Program
- New Construction Incentive Program

Program details regarding the interaction between the Company or Program Administrators and customers participating in the Programs, such as Incentives paid directly to customers, available Measures, availability of the programs, eligibility, and application and completion requirements may be adjusted through the change process as presented below. Those details, additional details on each discrete program, and other details such as process flows, application instructions, and application forms will be provided on the Company's website www.ActOnEnergy.com, or by calling toll free 1-866-941-7299.

CHANGE PROCESS

The change process is applicable to changes in a program detail regarding the interaction between the Company or Program Administrators and customers participating in the Programs.

- 1) Identify need for program detail change regarding the interaction between the Company or Program Administrators and customers participating in the Programs;
- 2) Discuss proposed change with implementer;
- 3) Discuss proposed change with evaluator;
- 4) Analyze impact on program and portfolio (Cost effectiveness, goal achievement, etc.);
- 5) Inform the Staff and Office of the Public Counsel of the proposed change, the time within which it needs to be implemented, provide them the analysis that was done and consider recommendations from them that are received within the implementation timeline;
- 6) Take timely received recommendations into account and incorporate them where the Company believes it is appropriate to do so;
- 7) Notify and train customer contact personnel (Contact Center, Energy Advisors, Business Center, Key Account Executives, Customer Service Advisors) of the changes;
- 8) Make changes to forms and promotional materials;
- 9) Update program website;
- 10) File updated web pages in an informational docket on EFIS; and
- 11) Inform Customers, Trade Allies, etc.

Company will also continue to discuss and provide information on ongoing program and portfolio progress at quarterly regulatory stakeholder update meetings.

Schedule DGL-2

DATE OF ISSUE _____

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BUSINESS ENERGY EFFICIENCY (cont.)

PROPOSED PROGRAM ENERGY SAVINGS TARGETS

Note that targeted energy savings may also be shifted between discrete programs depending on market response, changes in technology, or similar factors.

	Annual kWh Savings Targets			Total by Program
	2013	2014	2015	
Standard	21,573,968	30,901,412	48,889,340	101,364,720
Custom	48,682,732	50,169,817	72,756,732	171,609,281
Retro Commissioning	2,351,756	2,363,304	2,844,661	7,559,721
New Construction	2,513,756	3,773,143	6,071,605	12,358,504
TOTAL	75,122,212	87,207,676	130,562,338	292,892,226

	Annual kW Demand Savings Estimates Based On kWh Savings Targets			Total by Program
	2013	2014	2015	
Standard	4,540	5,747	8,631	18,918
Custom	13,022	13,656	20,257	46,935
Retro Commissioning	531	523	601	1,655
New Construction	797	1,116	1,867	3,780
TOTAL	18,890	21,042	31,356	71,288

PROGRAM COSTS

Costs of the Business Energy Efficiency Program reflected herein shall be reflected in a charge titled "Energy Efficiency Investmnt Recovery" appearing as a separate line item on customers' bills and applied to customers' bills as a per kilowatt-hour charge as specified in the Small General Service Rate 2(M), Large General Service Rate 3(M), Small Primary Service Rate 4(M), Large Primary Service Rate 11(M), and Large Transmission Service Rate 12(M) rate schedules. All customers taking service under said rate schedules shall pay the charge regardless of whether a particular customer utilizes a demand-side program available hereunder, unless they have opted-out as provided for above.

PROGRAM DESCRIPTIONS

The following pages contain other descriptions and terms for the discrete programs being offered under this tariff.

Schedule DGL-2

DATE OF ISSUE _____ DATE EFFECTIVE _____

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APPLYING TO

MISSOURI SERVICE AREA

BUSINESS ENERGY EFFICIENCY
Standard Incentive Program

PURPOSE

The Standard Incentive Program will provide pre-set Incentives for energy-efficient products that are readily available in the marketplace. Standard Incentives will be fixed per each Measure. The primary objective of the Standard Incentive Program is to provide an expedited, simple solution for customers interested in purchasing efficient technologies that will produce verifiable savings.

AVAILABILITY

This Program is available during the Program Period, and is voluntary and available to all customers in the classes identified in the Business Energy Efficiency Availability section that also meet the Standard Incentive Program Provisions, below.

PROGRAM PROVISIONS

The Company will hire a Program Administrator to implement this program. The Program Administrator will provide the necessary services to effectively implement the program and to strive to attain the energy savings targets. Standard Incentives for Measures will be provided to qualifying customers that provide completed Standard Incentive Applications as indicated below:

- Customer must complete a Standard Incentive Application form;
- Customer must provide proof of equipment purchase and installation;
- Measures must be purchased and installed after the effective date of this tariff;
- Measures which receive an Incentive under the Custom Incentive Program are not eligible for this Standard Incentive Program;
- Eligible Energy Efficiency Measures must be part of a Project having an installed TRC ratio greater than 1.0; and
- Standard Measures must be installed as a retrofit in an existing facility;

By applying for the Standard Incentive Program, the customer agrees that the Project may be subject to random on-site inspections by the Program Administrator.

Schedule DGL-2

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APPLYING TO

MISSOURI SERVICE AREA

BUSINESS ENERGY EFFICIENCY
Standard Incentive Program(cont.)

ELIGIBLE MEASURES AND INCENTIVES

Standard Incentives covered by the Technical Resource Manual (TRM) approved in Case No. EO-2012-0142 are eligible for program benefits and Incentives and may be offered during the Program Period. These include, but are not limited to, the following equipment types:

- HVAC (Heating, Ventilation, and Air-conditioning)
- Lighting
- Refrigeration
- Cooking
- Water Heating

Schedule DGL-2

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MISSOURI SERVICE AREA

BUSINESS ENERGY EFFICIENCY
Custom Incentive Program

PURPOSE

The Custom Incentive Program will provide financial assistance to customers to support implementation of energy efficiency improvement opportunities which are available at the time of new equipment purchases, facility modernization, and industrial process improvement. A "Custom Incentive" is a direct payment to a Participant for pre-approved Measure(s).

AVAILABILITY

This Program is available during the Program Period, and is voluntary and available to all customers in the classes identified in the Business Energy Efficiency Availability section that also meet Custom Incentive Program Provisions below.

PROGRAM PROVISIONS

The Company will hire a Program Administrator to implement this program. The Program Administrator will provide the necessary services to effectively implement the program and to strive to attain the energy savings targets. Customers may apply for a Custom Incentive for Measures under consideration which:

- Reduce energy consumption compared to the currently installed system or, in the case of a new system, the standard efficiency system currently available;
- Have not yet been installed and for which purchase and/or installation commitments have not yet been made;
- Have not received a Standard Incentive under the Standard Incentive Program;
- Are not one of the Measures eligible for an Incentive under the Standard Incentive Program; and
- Are being installed in an existing facility.

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APPLYING TO

MISSOURI SERVICE AREA

BUSINESS ENERGY EFFICIENCY
Custom Incentive Program (cont.)

Prior to purchasing and installing Measure(s), Applicant must submit a Custom Incentive Application form that provides data about the applicable facility and potential Measure(s). The Company or Program Administrator will perform a desk review of the Custom Incentive Application to determine eligibility, Measure Benefit Cost Test results, estimated energy savings and Custom Incentive level for each Measure. The Program Administrator may perform a site visit to verify baseline conditions. If approved, the Program Administrator will reserve the Custom Incentive amount and notify the Participant of the Measure(s) approval.

Following installation of approved Custom Measures, the Participant will submit a Completion Certificate to the Program Administrator. The Completion Certificate will require documentation of final Custom Measure costs, a completion date for each Custom Measure, and invoices for all Measures. If necessary, the Custom Incentive amount will be recalculated; Every Custom Incentive Application for a Custom Incentive requires pre-approval by the Program Administrator and may be subject to on-site verification by the Program Administrator prior to payment.

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APPLYING TO MISSOURI SERVICE AREA

BUSINESS ENERGY EFFICIENCY
Retro-Commissioning Program

PURPOSE

The Retro-Commissioning Program will capture energy and demand reductions from existing facilities by optimizing building system energy use and overall efficiency. Through this Program, the Company will provide energy assessment services and assistance in implementing identified solutions to customers to insure that their systems are operating at optimal energy efficiency.

AVAILABILITY

This Program is available during the Program Period, and is voluntary and available to all customers in the classes identified in the Business Energy Efficiency Availability section and that also meet the Retro-Commissioning Program Provisions below. Customer facilities eligible for investigation under this program will include those with:

- Higher than average electric energy intensities(kWh/ft²);
- Minimum of 100,000 ft² of conditioned space;
- Presence of an energy management system (EMS) with direct digital controls (DDC);
- Mechanical equipment in relatively good condition; and
- Will yield cost-effective energy savings according to a Retro-Commission Assessment Study

A "Retro-Commissioning Assessment Study" is a detailed analysis performed by Retro-Commissioning agents on Projects passing the initial screening which is used to identify sub-optimal system operational performance and to identify corrections which will yield cost-effective energy savings.

PROGRAM PROVISIONS

The Company will hire a Program Administrator to implement this program. The Program Administrator will provide the necessary services to effectively implement the program and to strive to attain the energy savings targets. Program benefits have been designed to provide cost effective Retro-Commissioning services to eligible facilities and include:

- Recruitment and training of Retro-Commissioning providers,
- Benchmarking of candidate facilities using ENERGY STAR[®] procedures to identify facilities with Retro-Commissioning opportunities,
- Access to a group of pre-qualified Retro-Commissioning Providers that can provide studies performed by trained auditors to identify cost effective building system optimization Measures,
- Assisting building owners with contractor acquisition and management during the implementation process,
- Building owner staff training on Retro-Commissioning operations,
- Verification of planned operating results, or
- Ongoing monitoring of Retro-Commissioned building systems to promote persistence of improvements.

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APPLYING TO

MISSOURI SERVICE AREA

BUSINESS ENERGY EFFICIENCY
Retro-Commissioning Program (cont.)

The Incentives provided through the Retro-Commissioning Program will be limited to those Measures which are determined to achieve energy efficiency improvements through the calibration, maintenance, and optimization of current systems.

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APPLYING TO MISSOURI SERVICE AREA

BUSINESS ENERGY EFFICIENCY
New Construction Incentive Program

PURPOSE

The New Construction Incentive Program will capture energy and demand reductions from new construction projects by interacting with building owners and designers during the design and/or construction process. The Program encourages building owners and designers to evaluate and install systems with higher energy efficiencies than the standard or planned systems through training, design incentives, and installation incentives.

DEFINITIONS APPLICABLE TO NEW CONSTRUCTION INCENTIVE PROGRAM ONLY

Baseline Building Design - The baseline building design will be established on a case-by-case basis, as the more stringent of either the ASHRAE Code 90.1-2001, the facility's original design, the local energy code, or any legal or contractual construction requirements. Baseline building design will be documented in the Technical Analysis Study(TAS).

Technical Analysis Study (TAS) -

An energy savings estimate that clearly describes the energy efficiency/process improvement opportunity, with concise and well-documented presentations of the analysis method used to estimate energy savings, and the assumptions used to generate project capital cost estimates. Each TAS will:

- Describe the proposed facility (typically with a sketch or blueprint showing site layout or floor plan).
- Describe the Baseline Building Design and provide its estimated electricity use and estimated annual Operations & Maintenance costs.
- Describe the efficient equipment to be added along with key performance specifications.
- Provide estimated electricity use for the efficient condition.
- Provide the energy and demand savings calculations, together with the source of input parameter numbers and justification for each assumption made.
- Provide the incremental cost to implement the project.
- Provide the estimated financial incentive and estimated annual cost savings, together with the financial metric(s) requested by the customer (i.e., simple payback, Internal Rate of Return, Return on Investment).

Whole Building Area Method - An energy analysis methodology in which the design team examines the integration of all building components and systems and determines how they best work together to save energy and reduce environmental impact.

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APPLYING TO

MISSOURI SERVICE AREA

BUSINESS ENERGY EFFICIENCY
New Construction Incentive Program(Cont'd)

AVAILABILITY

This Program is available during the Program Period, and is voluntary and available to all customers in the classes identified in the Business Energy Efficiency Availability section that also meet the New Construction Program Provisions below. Eligible facilities applications include new facilities built from the ground up, additions to existing facilities, or major renovation of existing facilities requiring significant mechanical and/or electrical equipment alteration.

PROGRAM PROVISIONS

The Company will hire a Program Administrator to implement this program. The Program Administrator will provide the necessary services to effectively implement the program and to strive to attain the energy savings targets. Program benefits are tailored to projects based on their phase in the development process.

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UNION ELECTRIC COMPANY

ELECTRIC SERVICE

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UNION ELECTRIC COMPANY

ELECTRIC SERVICE

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