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Issues:	Tariff Issues, Lost Margins and Customer Concerns
Witness:	Sarah L. Kliethermes
Sponsoring Party:	MO PSC Staff
Type of Exhibit:	Rebuttal Testimony
Case No.:	EO-2014-0095
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MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

REBUTTAL TESTIMONY

OF

SARAH L. KLIETHERMES

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. EO-2014-0095

Jefferson City, Missouri
March 2014

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Filing for Approval of Demand-Side Programs and for Authority to Establish a Demand-Side Programs Investment Mechanism	)))))	Case No. EO-2014-0095

AFFIDAVIT OF SARAH L. KLIETHERMES

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Sarah L. Kliethermes, of lawful age, on her oath states: that she has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 27 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.

Sarah L. Kliet
Sarah L. Kliethermes

Subscribed and sworn to before me this 27th day of March, 2014.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 03, 2014
Commission Number: 10942086

Susan L Sundermeyer
Notary Public

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SARAH L. KLIETHERMES

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. EO-2014-0095

Q. Please state your name and business address.

A. My name is Sarah L. Kliethermes and my business address is Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

Q. Who is your employer and what is your present position?

A. I am employed by the Missouri Public Service Commission ("Commission") and my title is Regulatory Economist III, Economic Analysis Section, Tariff, Safety, Economic and Engineering Analysis Department, Regulatory Review Division.

Q. What is your educational background and work experience?

A. I completed a Bachelor of Science degree in Historic Preservation from Southeast Missouri University in Cape Girardeau, Missouri, and a Juris Doctorate degree from the University of Missouri, Columbia. I have been employed by the Missouri Public Service Commission since May 2006. I have not previously filed testimony before this or any other Commission. Prior to transferring to the Economic Analysis Section in July 2013, I was a Senior Counsel in the Staff Counsel's Office. A copy of my credentials is attached as Schedule SLK-1.

EXECUTIVE SUMMARY

Q. Is your testimony consistent with Staff's overall recommendation to reject Kansas City Power & Light Company's ("KCPL") application made under the Commission's MEEIA rules[1] ?

A. Yes. For the reasons discussed by various Staff witnesses I recommend the Commission reject KCPL's MEEIA application.

Q. Do you identify and discuss any deficiencies in KCPL's filing regarding dismissal?

A. Yes. I will provide Staff's positions on KCPL's deficiencies in the following areas:

- Requirements associated with a request for recovery between general rate cases, in particular, I will discuss the inadequacy of the tariff sheet P.S.C. MO. No. 7 Original Sheet No. 49, issued January 7, 2014, with a requested effective date of June 1, 2015 with regard to:
    - general inoperability due to lack of sufficient detail of what time costs will be accrued, recovered, and reconciled over, including concerns with compliance with 4 CSR 240-20.093(2)(C) and 4 CSR 240-20.093(2)(J);
    - as a means of determining what the MEEIA Revenue Requirement is for the various customer classes and what the appropriate DSIM rate will be for each customer class, including concerns with compliance with 4 CSR 240-20.093(2)(K).
- Improper calculation of the earnings margin of relevant sales of energy to KCPL's customers for purposes of determining lost margin based recovery, as requested by KCPL in this proceeding. This overstates the requested recovery by roughly $4.4 million.
- Minimum filing requirements in general:
    - KCPL failed to provide timely notice to customers in accordance with 4 CSR 240-3.163(2)(A).
    - The example bill attached to Mr. Rush's testimony as Schedule TMR-1 is inadequate.

Q. What other information do you provide in your rebuttal testimony?

[1] The Commission's rules promulgated as a result of the Missouri Energy Efficiency Investment Act of 2009 ("MEEIA") (Section 393.1075, RSMo, Supp. 2012) include Rules 4 CSR 240-3.163, 4 CSR 240-3.164, 4 CSR 240-20.093 and 4 CSR 240-20.094.

A. I will respond to portions of the direct testimony filed by Tim M. Rush on behalf of KCPL in this matter, including portions of the tariff sheets filed concurrent with this request. I further discuss Staff's recommendations for ratepayer safeguards should the Commission decide to authorize a MEEIA portfolio and DSIM for KCPL. Specifically, I will provide:

- A set of specimen tariff sheets that would be necessary to implement a reasonable DSIM tracker including lost revenue recovery.
- A set of specimen tariff sheets that would implement a DSIM rider that is as reasonable as possible that reflects a lost margin recovery approach.
- A broad range estimate of the customer impact of KCPL's filing.

Q. What is your broad range estimate of the customer impact of KCPL's filing?

A. If KCPL's direct filing were approved with lost margin recovery as requested, except to adjust the recovery mechanism as recommended by Staff Witness Mark Oligschlaeger, the impact on an average residential customer beginning June 1, 2015, is summarized below in the "Initial filing" columns. If the Commission does utilize a rider, but adopts Staff's corrections to KCPL's direct filing as recommended throughout Staff's rebuttal filing, the resulting customer impact is very generally identified in the "Preliminary Revisions" columns.[2, 3]

Approximate Effective Date	**Initial Filing**		**Preliminary Revisions**	
	Rate	**Charge**	**Rate**	**Charge**
June 1, 2015 - December 31, 2015	$ 0.0064940	$ 6.4939853	$ 0.0030292	$ 3.0291659
January 1, 2016 - May 31, 2017	$ 0.0021242	$ 2.1242008	$ 0.0009908	$ 0.9908486
June 1, 2017 - November 1, 2018	$ 0.0004765	$ 0.4764684	$ 0.0004765	$ 0.4764684

Q. Is Staff recommending adoption of the rates reflected as "preliminary revisions"?

[2] See Rate Impact Schedule SLK-4.
[3] For comparison, Ameren Missouri's current Residential MEEIA Rider rate is $0.003320.

A. Absolutely not. This information is provided only as a point of reference to the magnitude of the problems Staff has identified in KCPL's direct filing. As discussed by Staff witnesses John Rogers and Michael Stahlman, KCPL's analysis must be rerun if the Commission approves the modifications Staff has identified for this filing.

Q. What specific recommendations do you make as a result of your review and analysis of the issues you have identified?

A. I recommend that the Commission should reject KCPL's filing due to deficiencies in the filed rider tariff sheet.

- If the Commission does not reject KCPL's filing, it should order KCPL to track costs related to its DSIM pursuant to a tariff similar to Schedule SLK-2.
- If the Commission does order a lost margin approach under a rider, it should order KCPL to work with the parties to finalize a set of tariff sheets similar to Schedule SLK-3, and
    - Correct the lost margin rates used to determine the TD-NSB share to the following amounts:

	Summer	Winter
Residential:	$ 0.103237	$ 0.047359
Non-Res (C&I):	$ 0.053174	$ 0.042017

    - Order KCPL to identify any charge on customer bills under this filing as an "Energy Efficiency Investment Charge."
    - Order KCPL to include a description of the MEEIA charge with the first bill implementing the charge.

Deficiencies in KCPL's DSIM Tariff Design

Q. Is Staff recommending the Commission authorize KCPL to utilize a rider to begin charging customers June 1, 2015?

A. No. Staff recommends the Commission reject KCPL's MEEIA application. Further, as discussed by Staff Witness Natelle Dietrich, Staff recommends the Commission determine that it is not lawful or reasonable to approve the DSIM KCPL has requested at this time, in that it is not proper for KCPL to seek a rider prior to June 1, 2015.

Q. Does KCPL's tariff sheet P.S.C. MO. No. 7 Original Sheet No. 49, issued January 7, 2014 provide the information necessary to impose a new charge to customers beginning June 1, 2015?

A. No. KCPL's filed tariff sheet does not describe the framework necessary to calculate applicable costs and balances, nor does it describe the mechanism by which those costs and balances would be used to determine a charge applicable to its customers. As drafted, KCPL's DSIM tariff sheet P.S.C. MO. No. 7 Original Sheet No. 49, issued January 7, 2014 is so lacking in essential description that it is inoperable as a mechanism to set a rider rate.

Q. What is a rider?

A. For tariff analysis purposes, in brief, a rider is a set of master tariff sheets that describes how a rate to charge a customer is determined. The actual rate to charge a customer then gets set out in a separate tariff sheet from time to time, based on separate tariff filings made in accordance with the master tariff sheets. For example, in authorizing Ameren Missouri's DSIM Rider in Case No. EO-2014-0075, the Commission approved a set of tariff sheets that require Ameren Missouri to file new tariff rate sheets once a year, and tell Ameren Missouri exactly what to do to calculate the new rates that are on the new rate sheets.

Q. Does KCPL's tariff sheet P.S.C. MO. No. 7 Original Sheet No. 49, issued January 7, 2014, broadly identify the components of KCPL's requested DSIM?

A. Yes. With the exception of failing to provide for the implementation of the results of a prudence review, items 1-5 under the heading "DSIM Charge DETERMINATION" do roughly describe the cost and charge components of KCPL's requested DSIM. These components are generally consistent with Ameren Missouri's MEEIA tariff sheets.

Q. Has KCPL provided a high-level example of the calculations that would be made to convert its DSIM Expenses and DSIM TD-NSB to a MEEIA Revenue Requirement for a particular year?

A. Yes. Pages 3–5 of Schedule TMR-2 provides an example of high-level revenue requirement calculations, which are then apportioned between Residential and Non-Residential on an energy allocator.

Q. Is sufficient detail contained in the KCPL tariff sheets to recreate the calculations provided in the worksheets contained in Schedule TMR-2?

A. No. KCPL's tariff sheet P.S.C. MO. No. 7 Original Sheet No. 49, issued January 7, 2014, doesn't describe these calculations, nor the basis of the numbers used in these calculations.

Q. Do these worksheets provide an indication of the timing of the accumulation of the MEEIA Revenue Requirement and of the timing of the implementation of the changes in the customer rate under the rider?

A. No. KCPL has not provided sufficient detail anywhere in its filing as to the timing of accumulation periods and recovery periods that is necessary for calculating revenue requirements and processing tariff sheets.

Q. Why is it important that the DSIM tariff sheets describe the calculation of applicable costs and balances, and the mechanism by which those costs and balances would be used to determine a charge applicable to customers at specified times?

A. Aside from the required specificity, tariff sheets that change the rider rate are filed and processed on a very compressed time frame. It is important that from the beginning of a rider all concerned parties understand what costs and charges are covered by a rider, as well as what calculations will be used to determine the rate on a customer's bill from that cost data. Staff is required to review the tariff filings that change the rider rate, so from the beginning, Staff needs to know *how* the customers' bills will be calculated.

Q. At an absolute minimum, what additional detail needs to be included in KCPL's DSIM tariff sheets to provide the information necessary to set a rider rate?

A. At the absolute minimum, in order to determine the MEEIA revenue requirement to be recovered through a rider, KCPL's DSIM tariff sheets would need to describe:

1. The components of KCPL's MEEIA revenue requirement. For example, the components of Ameren Missouri's MEEIA revenue requirement are:[4]
    a. Program Costs
    b. Throughput Disincentive[5]
    c. Performance Incentive
    d. Interest
    e. Ordered Adjustments
2. Definition of the components of the MEEIA Revenue Requirement. For example, Ameren Missouri's MEEIA tariff lays out what costs and charges are included, and how those items are determined. Similarly, GMO's FAC tariff[6] outlines what accounts and costs are used to determine the fuel and consumable value to compare to the FAC base.

[4] While the Ameren Missouri DSIM tariff sheets approved in Case No. EO-2014-0075 are discussed as an example in this testimony, it must be noted that Ameren Missouri has received a number of waivers from the MEEIA rules that have not been sought by KCPL related to this proceeding. Further, Staff does not have extensive experience with the operation of Ameren Missouri's DSIM tariff sheets due to the limited time that these sheets have been in effect. It is possible that errors will be identified as the Company and Staff review and process additional rate filings under Ameren Missouri's DSIM tariff sheets. The relevant Ameren Missouri tariff sheets are attached as Schedule SLK–5.

[5] In the event that KCPL receives a MEEIA Throughput Disincentive in this filing, KCPL has indicated a willingness to work with Staff prior to its next general rate case to discuss the impact of the inclusion of a MEEIA Throughput Disincentive on the appropriate billing determinants to be used to set rates in a general rate case.

[6] KCPL does not have an FAC; however, KCPL management and tariff staff are responsible for administering GMO's FAC.

3. Timing of accumulation and recovery of costs and charges accrued. For example, the following components would need to be defined and adequately described:
    a. The Accumulation Periods used to determine the magnitude of each component of the MEEIA revenue requirement.
    b. The Recovery Periods over which the MEEIA revenue requirement will be collected from customers.
    c. The gap between accumulation and recovery to allow time for KCPL accountants to determine the applicable amounts, a tariff rate to be calculated, a tariff sheet or sheets to be filed with the Commission bearing that rate, review of the rate and its determination, and a Commission order on the tariff sheet or sheets bearing the new MEEIA rates.
    d. Timing for conduct of prudence reviews.
    e. Timing for conduct of true-ups.
    f. Timing for implementing prudence reviews and true-ups.
4. The method for reconciling budgeted and forecasted amounts with actual amounts. For example, this sheet does not provide for timely true-up for the differences between actual measure installations and expenses and budgeted expenses or forecasted measure installations. The need for additional detail is compounded KCPL's request to seek a rider over a year ahead of when even KCPL maintains it would be able to utilize that rider.[7]
5. The method of determining the Residential versus Non-Residential Split. For example, the Ameren Missouri MEEIA tariff sheets provide that the components of the Residential revenue requirement will be calculated separately from those of the Non-Residential revenue requirement. The billing determinants for each classification must also be separately compiled, which is of particular significance for the Non-Residential classes which could include opt-out customers.
6. Timing of MEEIA rate adjustments pursuant to the DSIM.
7. Method for incorporating changes in DSIM programs into the MEEIA revenue requirement.

Q. Does the Commission have a rule describing requirements for DSIM riders?

A. Yes. Rules 4 CSR 240-20.093(4), 4 CSR 240-20.093(4)(A), and 4 CSR 240-20.093(4)(B) provide further detail on aspects that must be incorporated in a DSIM, while the general direction of these rules is discussed above, final tariff design should be in compliance with the details described in these rules in particular, and the MEEIA rules contained in Chapter 20 in general.

[7] As discussed by Staff Witness Natelle Dietrich, Staff recommends the Commission determine that it is not lawful or reasonable to approve the DSIM KCPL has requested at this time, in that it is not proper for KCPL to seek a rider prior to June 1, 2015.

Q. Aside from the practical concern described above, does the design of KCPL's DSIM tariff sheet P.S.C. MO. No. 7 Original Sheet No. 49, issued January 7, 2014, comply with applicable rules?

A. No. KCPL's tariff sheet P.S.C. MO. No. 7 Original Sheet No. 49, issued January 7, 2014, bears a requested effective date of June 1, 2015. This date is over a year after the MEEIA program tariff sheet is requested to take effect. As requested, the tariff sheet implementing KCPL's DSIM would not be in effect while charges accrue that will be recovered through its DSIM. Based on discussions with counsel, in order for a utility to begin recovering costs through a DSIM rider between rate cases, a DSIM that includes provisions for the recovery of all costs and charges that will be recovered through the DSIM rider must be in place prior to the costs being incurred or other charges accruing.[8]

In addition to the legal concern, this timing difference is not in compliance with 4 CSR 240-20.093(2)(J). Rule 4 CSR 240-20.093(2)(J) states that if the Commission approves a DSIM with an incentive component, that DSIM is binding on the Commission and the electric utility for the entire term of the DSIM. Since the tariff sheet effecting the DSIM would not take effect until over halfway through the time period for which KCPL has requested to incur an incentive, the DSIM is not in compliance with 4 CSR 240-20.093(2)(J).

Q. Does KCPL's filed tariff sheet comply with 4 CSR 240-20.093(2)(K)?

A. No. 4 CSR 240-20.093(2)(K) requires the Commission to apportion the MEEIA Revenue Requirement to each customer class. While Staff recommends the Commission adopt an approach of setting one DSIM rate for all who receive service on KCPL's various residential schedules, and one DSIM rate for all other (non-lighting)

[8] See, generally, AG *Processing v. Public Service Commission*, 340 S.W.3d 146 (2011).

customers, KCPL's filed tariff sheet does not define how these two revenue requirements would be determined.[9]

Q. Does KCPL's filed tariff sheet comply with the general requirements of 4 CSR 240-20.093(2)(C) concerning timely recovery of costs, proper alignment of incentives, and timely earnings opportunities?

A. No. Because the tariff sheet is generally inoperable due to lack of sufficient detail of what time costs and charges will be accrued, recovered, and reconciled over, Staff cannot recommend that the DSIM as designed complies with the requirements of 4 CSR 240-20.093(2)(C). Regardless of the design of the DSIM and the components that may be described in testimony, a DSIM rider cannot be implemented outside of a rate case without all of the details of the DSIM being embodied in a lawfully-promulgated tariff sheet or sheets. KCPL's tariff sheet does not contain the requisite detail for the Commission to implement a DSIM. For example, KCPL's tariff sheet does not describe how the components of its MEEIA Revenue Requirement will be calculated, nor does it provide for timely true-up for the differences between actual measure installations and expenses and budgeted expenses or forecasted measure installations. For these reasons, Staff cannot recommend that the Commission conclude that the DSIM provides for timely recovery of costs, proper alignment of incentives, and timely earnings opportunities.[10]

Q. Is the requested KCPL tariff sheet comparable to the recently-approved DSIM rider tariff sheets of Ameren Missouri, approved in Case No. EO-2014-0075?

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[9] It is possible to discern from KCPL's workpapers how they have computed the two revenue requirements, however, this information is not contained in KCPL's filed tariff sheet, which must stand on its own. Instead, Staff recommends calculation of two separate revenue requirements as is done in the approach taken by Ameren Missouri in the tariff sheets approved in Case No. EO-2014-0075.

[10] Also, see the testimony of Staff Witness Mark Oligschlaeger regarding Staff's opposition to the amortization lengths requested by KCPL.

A. No. Ameren Missouri's tariff sheets describe how to calculate MEEIA rates, and include sufficient explanation of Ameren Missouri's DSIM so that the mechanism can be effectuated in the calculation of MEEIA rates. KCPL's tariff sheet does not provide a description of how to calculate MEEIA rates, nor does KCPL's tariff sheet identify what information is used to calculate MEEIA rates.

Q. Does KCPL have experience with designing and implementing rider mechanisms in general?

A. Yes. GMO has had an FAC since Case No. ER-2007-0004. The general concept that a variable rate tariff must contain sufficient detail to determine the rates to be imposed under the variable rate should be very familiar to KCPL through its operation of GMO's FAC. For example, GMO's FAC describes (1) what charges will be accumulated over specified times, (2) what recovery periods will be used for collecting the accumulated charges, (3) the necessary gap between accumulation and recovery to allow for rate calculation and tariff sheet preparation, (4) provision for true-ups, and (5) provision for prudence review. While a DSIM under MEEIA has more components than an FAC, the basic framework is very similar.

Q. Does GMO have a MEEIA rider?

A. No. GMO has a MEEIA tracker. While GMO does recover MEEIA costs through a separate line item on customers' bills, the GMO DSIM was implemented through a rate case, and the DSIM does not result in rates being changed outside of rate cases.[11]

Q. Since GMO has a tracker that was implemented through a general rate case instead of a rider that is implemented outside of a rate case, is it reasonable that KCPL would need to have more detail concerning its DSIM in KCPL's tariff than GMO has in GMO's tariff?

A. Absolutely. Implementing a DSIM as a rider outside of a rate case calls many more factors into play than implementing a DSIM tracker through a rate case. As Staff demonstrated through its work with Ameren Missouri in designing its DSIM rider tariff, implementation of a rider outside a rate case is possible, but it does require a high level of attention to detail. KCPL has omitted much of the necessary detail.

Q. What is your recommendation for an appropriate DSIM tariff for KCPL, if the Commission does not accept Staff's recommendation to reject the filing and also does not accept Staff's recommendation presented by Staff Witness Natelle Dietrich that KCPL cannot be granted a rider at this time?

A. A more reasonable design of a DSIM tariff is contained in Schedule SLK-3.[12] However this example is only provided as a general guide, and is not suitable for

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[11] The Stipulation and Agreement approved November 15, 2012 in Case No. EO-2012-0009 provides:
It is the intent of the Signatories that GMO shall ultimately collect from customers an amount as close as reasonably practicable to the MEEIA Programs' costs, the GMO TD-NSB Share and GMO's Performance Incentive Award earned as provided for herein. **The Signatories contemplate that unless a rider that allows charges or changes in rates between general electric rate cases as contemplated in this Stipulation is available or they otherwise agree, the method to accomplish this intent will be to create regulatory assets and/or regulatory liabilities for the overcharge/undercharge so that such differences can be billed/returned through future general electric rate proceedings.** [emphasis added]

[12] This information is provided only as a point of reference to the magnitude of the problems Staff has identified in KCPL's direct filing. As discussed by Staff witnesses John Rogers and Michael Stahlman, KCPL's analysis must be rerun if the Commission approves the modifications Staff has identified for this filing.

implementation. Staff recommends the Commission allow ample time for review of any compliance tariffs. At a minimum, 30 business days would be necessary for Staff to work with KCPL and other parties to design such compliance tariffs and to ensure that adequate detail is present.

Marginal Rate Calculation

Q. Has KCPL attempted to quantify marginal rates for purposes of determining **lost margins**?

A. Yes, KCPL's filing uses a quantification of marginal earnings per kilowatt hour to develop the size of its Throughput Disincentive Net Shared Benefit ("TD-NSB") request. However, the quantification is grossly overstated and includes inappropriate amounts.

Q. Is it necessary to quantify marginal rates if a **lost revenue** approach is used for any DSIM the Commission may authorize in this proceeding?

A. No, this calculation is not necessary for use of a lost revenue approach as described in the Commission's MEEIA rules.

Q. What is the difference between "lost margin" and "lost revenue"?

A. Lost Revenues are defined in the Commission's MEEIA rules, and occur when the actual annual billed system kWh is less than the system kWh used to calculate rate to recover revenues as ordered by the Commission in the utility's last general rate case, because of the existence of a MEEIA portfolio.[13] The existence and quantification of Lost Revenues are determined after a review of the MEEIA program by a qualified evaluator.[14]

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[13] 4 CSR 240-20.093(2)(G).
[14] A generic example of Lost Revenue calculation is included as Schedule SLK-6.

In contrast, generally, a lost margin is a projection of the money that a utility would not bill due to MEEIA if (1) all assumptions are correct regarding the programs' implementation and effectiveness, and (2) no other energy sales are made for any reason, including concerns such as rebound effect. As discussed by various Staff witnesses, these are not reasonable assumptions for KCPL's filing.

Q. Under a lost margin approach, what is a marginal rate?

A. A marginal rate for use under a lost margin approach is the value to KCPL's revenues from the sale of any energy deemed to have been saved as a result of a MEEIA program, net of the variable costs avoided by the energy savings.[15]

As a non-utility example, consider cab fare. In this example a cab charges $2.50 for the first mile, and $0.50 per mile for each additional mile. The cost of gas is $0.15 per mile. To find the marginal rate for a 10 mile cab ride, we would subtract $0.15 per mile from $0.50 per mile, to find the marginal rate is $0.35 per mile. So if the cab company started a "walk the last mile" exercise program, that program would result in the cab company missing out on $0.35 per mile of net revenue for each mile walked by "walk the last mile" participants, regardless of the overall length of the trip.

Q. Why didn't you use an average rate as your starting point to subtract the fuel?

A. The average rate for a 10 mile cab ride is $0.70 per mile ($2.50 for the first mile + $0.50 per mile X 9 miles). The important consideration in finding a marginal rate is not the net revenue of an **average** charge, but rather the net revenue associated with the **saved** charge.

[15] Staff Witness Michael Stahlman discusses the impact of off system sales on relevant quantifications. Staff Witness Stahlman also discusses the impact of the quantification of the TD-NSB share under a lost margin approach.

The lost margins on our hypothetical "walk the last mile" program would be overstated if we included the $2.50 for the first mile in our calculation. In this example, our average charge per mile is $0.70. It might be intuitive to use $0.70 as a starting point, but because the initial mile's revenue is never at risk, the proper starting point is $0.50. In this example, using the wrong starting point by including charges that aren't at risk overstates the marginal rate by 57%.

Q. If the Commission does authorize a lost margin approach instead of either rejecting KCPL's filing or using a lost revenue approach, has Staff attempted to quantify KCPL's marginal rates?

A. Yes. I have attempted to quantify a reasonable estimate of KCPL's marginal rates. They are:

	Summer	Winter
Residential:	$ 0.103237	$ 0.047359
Non-Res (C&I):	$ 0.053174	$ 0.042017

Q. Is there anything about KCPL's energy rates that complicates the calculation of the marginal rate?

A. Yes. Other than residential rates during the summer months, electricity rates are more complicated than our cab example. For example, most of KCPL's winter rates have a declining block energy charge. As an example, consider the Residential A schedule:

First 600 kWh	$0.11
Next 400 kWh	$0.07
Over 1000 kWh	$0.05

To continue with our cab example, let's say that the cab charges only $0.25 for each mile after the fifth mile. The marginal rate for our 10th mile would be $0.10, found by subtracting our $0.15 for fuel from the $0.25 charge. But, if we used an average rate, or even improperly looked at the rate applicable to miles two through five, we would overstate our marginal rate by 325% and 111%, respectively.

In any given month, some of KCPL's residential customers will use over 1000 kWh, some will use between 600 kWh and 1000 kWh, and some customers will use less than 600 kWh. So, to calculate a residential winter marginal rate, we need to find a weighted average cost of the last couple of units those customers would be using, if KCPL didn't have a MEEIA program to save that energy.

Since KCPL has a declining block rate structure, and since use of an average rate overstates the rate, we have to exclude energy the customer buys in all but the last block in which that customer buys energy. So if a customer uses more than 600 kWh a month, then the marginal rate must exclude energy sold in the 600 block, as well as, of course the customer charge, much like we excluded the $2.50 initial mile charge in our cab example. If a customer uses more than 1000 kWh a month, then the marginal rate must exclude energy sold in the 600 block and the 600-1000 block, as well as, of course the customer charge, much like we excluded charges for each mile after the 5th mile in our cab example.

Q. Did KCPL include customer charges in the marginal rate calculation?

A. Yes. KCPL's filing reflected inclusion of the customer charges in all marginal rate calculations. This alone overstated the residential summer marginal rate by 6.91%, and the winter residential rate by 14.83%.[16]

Q. Would residential customer charges ever be at risk of reduction under a MEEIA program?

[16] KCPL's residential calculations include the customer charge in the determination of an energy rate, for a summer value of $.110897/kWh. Excluding the customer charge from this calculation results in a corrected summer value of $.103237. KCPL's filed winter value is $.079647, which includes both the customer charge and all blocks of the energy rate. Excluding **only** the customer charge from this calculation results in a winter value of $.067837/kWh.

A. No. In effect, KCPL is claiming that if a customer installs enough CFLs, the customer will disconnect from the grid. This is not a reasonable assumption. The inappropriate inclusion of customer charges in these marginal rate calculations overstate KCPL's requested TD-NSB amount for the residential class, to provide recovery of charges that are simply not at risk to MEEIA energy savings.

Q. Did KCPL include all sales in all blocks in its calculation of the residential winter marginal rate?

A. Yes, KCPL improperly included sales that are not at risk to MEEIA savings in calculating the residential winter marginal rate.

Q. Has staff had an opportunity to study the dispersal of KCPL's customers' final level of usage among months and rate blocks?

A. No. This would be a fairly complex process, and for the purposes of rebutting KCPL's filing it is most reasonable to use a conservative estimate of a residential winter marginal rate of $.047358. This amount is reflective of only tail block usage. For comparison, excluding only the pre-600 block results in a calculated rate of $.047914. While both of these amounts indicate that KCPL's rate is overstated by roughly 40%, the difference between these amounts is only $.000556. Without modifying KCPL's direct filing to address the concerns raised by other Staff witnesses in this rebuttal filing, this would reduce the TD-NSB value by approximately $1,900,000.

If the Commission does not reject KCPL's filing, and does authorize KCPL to use "lost margin" recovery, as opposed to the "lost revenue" recovery described in the Commission's MEEIA rules, it is more reasonable to use the conservative estimate of a residential winter margin rate of $.047358, or to order KCPL to work with Staff and other parties to refine this calculation to exclude the customer charge, and include only a reasonable allocation of other energy blocks.[17]

Q. What are the components of KCPL's Commercial and Industrial ("C&I") rate structures?

A. KCPL's Large General, Large Power, Medium General, and Small General rate schedules generally[18] contain the following elements:

1. Customer charge
2. Facilities charge
3. Demand charge
4. Energy charge

Q. For purposes of calculating a lost margin rate, only the rate components that would be reduced by the energy savings of a MEEIA program should be considered. Which of these components are subject to reduction by KCPL's MEEIA programs?

A. Although KCPL's customer charge is blocked at 1000kW, generally speaking, revenue from the customer charge is only subject to reduction if the MEEIA programs would cause a customer to go from a demand of 1001kW or greater, to a demand of 1000kW or less. It is unlikely that this would occur by the action of the MEEIA portfolio alone, so this C&I marginal rate recalculation does not include changes to the applicable block of the customer charge.[19]

KCPL's effective Facilities Charge is not blocked. KCPL's Demand Charges are not blocked, except for on the Large Power service schedules. However, both the Facilities and

[17] Regarding the particular portfolio of programs KCPL has included in its direct filing, the Residential OPower program targets customers with above-average usage. Thus, it is reasonable to conclude that the conservative assumption is particularly appropriate in that it is likely that customers with above-average usage would have usage in the tail blocks.

[18] The Large Power and Large General classes also have a Reactive Demand Adjustment. However, this charge is not likely to be greatly impacted by the MEEIA programs, and any impact would be de minimus.

[19] As discussed above concerning residential rates, it is appropriate to exclude the customer charge from a lost margin rate calculation because there is no risk that someone will cease to be a KCPL customer as a consequence of participation in KCPL's MEEIA programs.

Demand charges are based on demand (kW), not usage (kWh). So, some amount of revenue derived from these charges is at risk due to savings under a MEEIA program.

KCPL's C&I Energy Charges, like the residential energy charges, are at risk to savings under a MEEIA program.[20]

Q. What is the appropriate calculation of KCPL's C&I marginal rates?

A. The appropriate calculation is to first find the sum of the revenues from all C&I energy charges divided by the total kWh, this gives us a summer rate of $0.048549/kWh, and a winter rate of $0.037392/kWh. The next step is converting the portion of revenues at risk from the Facilities and Demand Charges to a charge-per-kWh amount. These two amounts, less fuel, would be added together to find the appropriate C&I marginal rates.

Q. Why would we convert the at-risk Facilities and Demand revenues to a per-kWh rate?

A. These charges are billed based on demand, but lost margins are calculated based on usage. Since we have KCPL's estimates of how many kWh will be saved under the C&I programs, and we have KCPL's estimates of how many kW of peak demand will be saved, this is a fairly simple exercise.

Q. What is the annualized per-kWh rate for the Facilities and Demand revenues?

A. Based on KCPL's direct filing, this amount would be about $0.0046249. However, any change in the programs would change this rate, so this amount is provided only as a general reference.

Q. Is that amount conservative?

[20] While the residential winter rates are blocked by usage, the C&I energy charges are blocked on an "hours of use" basis. Because the energy charges are not blocked by kWh of usage, the adjustment made to isolate the tail charges to determine the residential rate is not necessary with the C&I energy charge.

A. No. I have included all of the Demand Charge blocks of the Large Power schedules. Any calculation at this point would have to be based on the programs and program assumptions in KCPL's direct filing. As discussed by Staff Witnesses Stahlman, Gross, and Stahlman, KCPL's program assumptions are flawed. For these reasons, I did not compile and analyze the billing information that would be required to develop a more appropriate number that excludes revenue not at risk from the Large Power Demand Charge initial blocks.

Q. What are the most reasonable marginal rates to use for estimating the values of KCPL's C&I lost margins?

A. For the purpose of rebutting KCPL's filing it is most reasonable to use a C&I summer marginal rate of $0.053174, and a winter marginal rate of $0.042017. These amounts indicate that KCPL's lost margin calculation is overstated by roughly 23% in both summer and winter (22.7% summer, 23.73% winter.) Without modifying KCPL's direct filing to address the concerns raised by other Staff witnesses in this rebuttal filing, this would reduce the TD-NSB value by approximately $2,425,833.

If the Commission does not reject KCPL's filing, and does authorize KCPL to use "lost margin" recovery, as opposed to the "lost revenue" recovery described in the Commission's MEEIA rules, it should order KCPL to work with Staff and other parties to refine this calculation to exclude only a reasonable allocation of these charges.

Customer Notice

Q. Did KCPL provide customers adequate notice of the requests it is making in this filing, in compliance with 4 CSR 240-3.163(2)(A)? [21]

[21] As discussed by Staff Witness Natelle Dietrich, Staff recommends the Commission determine that it is not lawful or reasonable to approve the DSIM KCPL has requested at this time, in that it is not proper for KCPL to seek a rider prior to June 1, 2015.

A. Not initially. However, it is Staff's understanding that KCPL is in the process of providing notice as a customer bill mailer. These mailers should have started going out with customer bills on approximately March 12, 2014. The last of these should go to customers approximately April 12, 2014.

Q. Did KCPL make a press release at the time it filed this case informing customers and the general public that it had filed to request a DSIM, and to recover costs between general rate proceedings?

A. No. KCPL issued a general press release on January 8, 2014, which did not reference the fact that KCPL was seeking a mechanism to recover costs in rates. The release stated only that KCPL was seeking to expand its energy-efficiency programs to all of its Missouri customers, and addressed certain wind power arrangements.

Q. Was the press release issued by KCPL sufficient to satisfy the customer notice requirements of 4 CSR 240-3.163 to provide notice to its customers describing how the proposed DSIM will work, how any proposed DSIM rate will be determined, and how any DSIM rate will appear on customer bills?

A. No. In addition to failing to describe the proposed mechanism and requested MEEIA rate increase, as discussed by Staff Witness Michael L. Stahlman, the KCPL programs differ from those offered by GMO in the GMO service area. The January 8 press release did not describe that a DSIM has been requested, much less how the requested DSIM would work, how the requested DSIM will be determined, or how the DSIM rate will appear on customer bills.

Q. Did KCPL witness Rush include a discussion and sample language of providing customer notice closer to June 2015?

A. Yes, KCPL did provide an example of what it would be willing to send in spring of 2015. Staff is supportive of providing this information close in time to when customers will first see charges on their bills. However, that notice is not sufficient for purposes of the minimum filing requirements, in that it does not provide customers notice of the Commission's consideration of a DSIM before a DSIM is approved. This deficiency is being cured with the ongoing bill mailer.

Q. Is it necessary for the Commission to take any additional action at this time?

A. No further Commission action is necessary, although if further parties seek intervention in this matter, the delay in the provision of required notice may be a factor the Commission chooses to consider.

Customer Bill Language

Q. Does the bill language KCPL requests result in unnecessary customer confusion?[22]

A. Yes. As discussed below, Staff recommends that the bill language identifying any charges under a MEEIA rider be described in plain language with minimal use of acronyms or abbreviations. This recommendation is to make the appearance of this new charge on the monthly bill more understandable to customers.

Q. Has KCPL requested that customers be charged under the MEEIA rider beginning in June of 2015?

A. Yes. KCPL requests that the charge appear on customer bills beginning in June of 2015, as a line item, identified as "DSIM Charge."

Q. Is the term "DSIM Charge" understandable to customers?

[22] As discussed by Staff Witness Natelle Dietrich, Staff recommends the Commission determine that it is not lawful or reasonable to approve the DSIM KCPL has requested at this time, in that it is not proper for KCPL to seek a rider prior to June 1, 2015.

A. No. This acronym is not used outside of regulatory and statutory discussions. For purposes of identifying the charge on a customer's bill, it is important to use language that is identifiable and understandable to customers.

Q. What would be an appropriate identifier for the customers' bills?

A. "Energy Efficiency Investment Charge," or "Energy Efficiency Program Charge," would be more understandable to customers than "DSIM Charge." Staff recommends KCPL identify the charge on a customer's bill as one of these more understandable terms.

Q. What identifier do Ameren Missouri customers see on bills?

A. Ameren Missouri customers see "Energy Efficiency Invest. Chg." for charges under the recently-approved Ameren Missouri MEEIA rider (Case No. EO-2014-0075). This language is more understandable to customers, and Staff recommends similarly understandable language be used for MEEIA riders going forward.

Q. What identifier do GMO customers see?

A. Currently, pursuant to the stipulation reached in Case No. EO-2012-0009, the MEEIA rider on GMO customers' bills is identified as a "DSIM Charge." Based on calls to the Commission Staff and additional discussions on the topic, it is clear that this terminology is confusing to customers.

Q. Are KCPL customers used to seeing a pre-MEEIA energy efficiency charge broken out as a separate line item on bills?

A. No. Current KCPL bills provide a single line for the energy charge.[23] Because there is not an existing energy efficiency rate on KCPL customer's bills, there is no need to distinguish between pre-MEEIA and MEEIA energy efficiency charges. Because of this, it is

[23] A negative pre-MEEIA rate is provided in KCPL's tariff to be subtracted from opt-out customers' bills.

less important to inform customers that the new line and new charge are related to "DSIM" than it is to inform them that the new charge is related to energy efficiency.

Q. Does Staff recommend that an explanation be provided with KCPL's bills explaining the new charge?

A. Yes. KCPL's bills are printed. Staff recommends that KCPL include a statement explaining the new charge with the first bill to include the charge.

Q. What does the Commission need to order to effectuate Staff's recommendation on KCPL customer bill terminology?

A. Staff recommends the Commission order that charges associated with any MEEIA rider:

1. Be provided as a single line-item separate from the energy charge,
2. Be identified on customer bills as either "Energy Efficiency Investment Charge," or "Energy Efficiency Program Charge,"
3. Be accompanied by an explanation of the charge on the first bill after the rider goes into effect.

DSIM Tariff Design

Q. Does Staff have a recommendation as to the DSIM and tariff design that would be appropriate for implementation of a DSIM tracker that provides for lost revenue recovery?

A. Yes. Although – as discussed by various Staff witnesses – Staff's primary recommendation is to reject KCPL's application, Staff has endeavored to compile the information the Commission would need to correct KCPL's MEEIA program to be in compliance with the MEEIA rules. Appropriate DSIM components including a Performance Incentive are discussed by Staff Witness John Rogers, Lost Revenues are discussed by Staff Witness Michael Stahlman, appropriate accounting is discussed by Staff Witness Mark Oligschlaeger, and considerations for the MEEIA program portfolio are presented by Staff

Witnesses Michael L. Stahlman and Randy Gross. I attempt to incorporate these elements into a specimen tariff, which is attached as Schedule SLK-2.

Q. Have you attempted to design a set of specimen tariff sheets that would be necessary to implement a rider to begin charging customers June 1, 2015?

A. Yes, generally. A specimen tariff is attached as Schedule SLK-3.[24] This tariff would implement a tracker for costs incurred prior to June 1, 2015, and begin charging a rate to customers on June 1, 2015, which would continue with adjustments, prudence reviews, and true-ups through approximately December 31, 2018. The types of costs included in this tracker, and the recovery treatment for each cost is summarized below.[25]

Type of Cost	**Recovery Treatment**
Program Costs June 1, 2014 - March 31, 2015	Amortized 24 months
Program Costs April 1, 2015 - December 31, 2016	Recovered "real time"
TD-NSB June 1, 2014 - March 31, 2015	Amortized 24 months
TD-NSB April 1, 2015 - December 31, 2016	Recovered "real time"
Incentive	Amortized 18 months

Approximate Effective Date	**Initial Filing**		**Preliminary Revisions**	
	Rate	**Charge**	**Rate**	**Charge**
June 1, 2015 - December 31, 2015	$ 0.0064940	$ 6.4939853	$ 0.0030292	$ 3.0291659
January 1, 2016 - May 31, 2017	$ 0.0021242	$ 2.1242008	$ 0.0009908	$ 0.9908486
June 1, 2017 - November 1, 2018	$ 0.0004765	$ 0.4764684	$ 0.0004765	$ 0.4764684

[24] This information is provided only as a point of reference to the magnitude of the problems Staff has identified in KCPL's direct filing. As discussed by Staff Witnesses John Rogers and Michael Stahlman, KCPL's analysis must be rerun if the Commission approves the modifications Staff has identified for this filing. Because of the many components to be considered, and the complexity of each component, the specimen tariff should only be regarded as a rough guide, and is not sufficient for implementation of a DSIM unless there is adequate opportunity for further refinement.

[25] If KCPL's direct filing were approved with lost margin recovery as requested, except to adjust the recovery mechanism as recommended by Staff Witness Mark Oligschlaeger, the impact on an average residential customer beginning June 1, 2015, is summarized in the "Initial filing" columns. If the Commission does utilize a rider, but adopts Staff's corrections to KCPL's direct filing as recommended throughout Staff's rebuttal filing, the resulting customer impact is very generally identified in the "Preliminary Revisions" columns.

Schedule SLK-4 is provided as an illustrative example of the charge recovery, and customer impact range.

Q. Would specimen tariff Schedule SLK-3 implement a rider as designed by KCPL?

A. No. As discussed by Staff Witness Mark Oligschlaeger, the amortization treatment requested by KCPL is not appropriate for use in conjunction with a rider. Program costs and net shared benefits deferred under the tracker mechanism prior to June 1, 2015 should be amortized to expense over an appropriate time period to (1) maximize the transparency of MEEIA charge, (2) limit stacking of charges from multiple MEEIA cycles, (3) avoid rate shock from recovering the prior year's incurred charges over only 6 – 8 months in addition to the charges being incurred real time, (4) avoid significant predictable swings in the rider rate, and (4) coincide with the tariff effective dates for implementation of a rider mechanism. For these reasons, a recovery period of approximately 24 months is appropriate for deferred DSM costs. Program costs and net shared benefits incurred after June 1, 2015 would be included in any rider at a level expected to be incurred during the rest of this first MEEIA cycle.

Q. Does this specimen tariff Schedule SLK-3 provide for recovery of lost margins, or for use of a lost revenues mechanism.

A. Schedule SLK-3 reflects a lost margin approach to apportioning the TD-NSB share. However, the only change necessary to revise the tariff to provide for a lost revenues mechanism would essentially be to remove references to the TD-NSB share, and to incorporate the lost revenue mechanism.[26]

Q. Does this conclude your rebuttal testimony?

A. Yes.

[26] There would be a difference in customer impact, in that the TD-NSB share is entirely recovered during the first 18 months of the rider, and Lost Revenues would be entirely recovered during the last 18 months of the rider.

Sarah L. Kliethermes

MoPSC Employment Experience

Regulatory Economist III (July 2013 – Present)
Economic Analysis Section, Energy Unit, Tariff, Safety, Economic and Engineering Analysis Department of the Missouri Public Service Commission. In this position my duties include providing analysis and recommendations in the areas of RTO and ISO transmission, rate design, class cost of service, tariff compliance and design, and energy efficiency mechanism and tariff design. I also continue to provide legal advice and assistance regarding generating station and environmental control construction audits and electric utility regulatory depreciation.

My prior positions in the Commission's General Counsel's Office, which was reorganized as the Staff Counsel's Office, consisted of leading major rate case litigation and settlement and presenting Staff's position to the Commission, and providing legal advice and assistance primarily in the areas of depreciation, cost of service, class cost of service, rate design, tariff issues, resource planning, accounting authority orders, construction audits, rulemakings and workshops, fuel adjustment clauses, document management and retention, and customer complaints. Those positions were:
Senior Counsel (September 2011 – July 2013)
Associate Counsel (September 2009 – September 2011)
Legal Counsel (September 2007 – September 2009)
Legal Intern (May 2006 – September 2007)

Related Training

Presented *Ratemaking Basics* (Sept. 14, 2012)

Attended:
MISO Markets & Settlements Training for OMS and ERSC Commissioners & Staff (Jan. 27 – 28, 2014)
Validating Settlement Charges in New SPP Integrated Marketplace (July 22, 2013)
PSC Transmission Training (May 14 – 16, 2013)
Grid School (March 4 – 7, 2013)
Specialized Technical Training - Electric Transmission (April 18 – 19, 2012)
Legal Practice Before the Missouri Public Service Commission (Sept. 1, 2011)
Renewable Energy Finance Forum (Sept. 29 – Oct 3, 2010)
The New Energy Markets: Technologies, Differentials and Dependencies (June 16, 2011)
Mid-American Regulatory Conference Annual Meeting (June 5 – 8, 2011)
Utility Basics (Oct. 14 – 19, 2007)

EDUCATION

Studying Economics at Columbia College, Jefferson City campus and online (2013 – Present)
Studying Energy Transmission at Bismarck State University, online (2014 – Present)

Licensed to Practice Law in Missouri, MoBar # 60024 (Summer 2007).

Juris Doctorate, University of Missouri, Columbia, Missouri (2004 – 2007).

Bachelor of Science in Historic Preservation, Cum Laude, minor in Architectural Design, Southeast Missouri State University, Cape Girardeau, Missouri (2002 – 2004).

2000 – 2002: Studied Architecture and English Literature at Drury University, Springfield, Missouri.

OTHER EMPLOYMENT EXPERIENCE

Law Clerk, Contracting and Organization Research Institute. Performed legal research; analyzed, described, and categorized contracts.

Paid Intern, Southeast Missouri State University. Accessioned and organized artifact collections for the Missouri Department of Natural Resources, Division of State Parks and Historic Sites.

Intermediate Clerk, Missouri Department of Elementary and Secondary Education. Responsibilities included organizing and managing various forms of data.

MISSOURI ENERGY EFFICIENCY INVESTMENT ACT
"MEEIA" CYCLE 1 PORTFOLIO AND MECHANISM

PURPOSE

The purpose of the Missouri Energy Efficiency Portfolio and Mechanism is to encourage investment in demand-side programs to impact customer energy use in such a way as to reduce consumption of electricity.

DEFINITIONS and DSIM

DSIM (Demand-Side Programs Investment Mechanism) The MEEIA Cycle 1 DSIM is that mechanism approved by the Commission in the Company's filing for demand-side program approval in Case No. EO-2014-0095 to encourage investment in demand-side programs. Unless otherwise ordered by the Commission pursuant to 4 CSR 240-20.093(2)(J), costs of the Residential Energy Efficiency Portfolio associated with this Program Period shall be deferred as described in the Commission's Report and Order in Case No. EO-2014-0095. Pursuant to the Commission's Report and Order in Case No. EO-2014-0095, the Company is authorized to potentially receive and defer a Utility Lost Revenue Component as described in 4 CSR 240-20.093(1)(FF), and to potentially receive and defer a Utility Incentive Component as described in 4 CSR 240-20.093(1)(EE). These amounts shall be deferred in such account until addressed by the Commission in a general rate case or through conversion of this DSIM tracker to a DSIM rider. All customers taking service under the affected rate schedules shall pay the charge regardless of whether a particular customer utilizes a demand-side program available hereunder, excluding "opt-out" customers and lighting-only customers.

Energy Efficiency Portfolio The MEEIA Cycle 1 Energy Efficiency Portfolio are those programs described in SHEET # - SHEET #. With the exception of the _______ program, the programs included in this tariff are cost effective having a total resource cost test ratio of greater than 1.0.

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 Measures.

Measure An end-use measure (an energy-efficiency measure or an energy-management measure), energy efficiency measure (any device, technology, or operating procedure that makes it possible to deliver an adequate level and quality of end-use energy service while using less energy than would otherwise be required), and energy management measure (any device, technology, or operating procedure that makes it possible to alter the time pattern of electricity usage so as to require less generating capacity or to allow the electric power to be supplied from more fuel-efficient generating units. Energy-management measures are sometimes referred to as demand response measures).

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

Program Costs Are the costs of demand-side programs approved by the Commission in accordance with 4 CSR 240-20.094 Demand-Side Programs. Indirect costs associated with demand-side programs, including but not limited to costs of utility market potential study and/or utility's portion of statewide technical resource manual, shall be allocated to demand-side programs and thus shall be eligible for recovery through an approved DSIM. The program costs for the programs in the MEEIA Cycle 1 Energy Efficiency Portfolio are described in the "Program Energy Savings Targets and Budgets" section here-in.

Program Energy Savings Targets and Budgets Means the budgeted costs and projected savings relied on by the Commission in Case No. EO-2014-0095, and targets based on savings at customer meters (excluding transmission and distribution line losses). ***[INSERT TABLE]***

Program Period The period from [TBD based upon timing of MEEIA plan approval] through December 31, 2015.

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 (TRC) Test A test of the cost-effectiveness of demand- side programs that compares the avoided utility 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.

AVAILABILITY

Except as otherwise provided in the terms governing a particular program, residential energy efficiency programs are available to residential customers in the Company's Missouri service area being served under the Residential Service Rate A, B, C, Time of Day, and Other Use rate schedules. 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. As provided for in the Commission's rules, customers shall attest to non-receipt of any such tax credit and acknowledge that the penalty for a customer who provides false documentation is a class A misdemeanor.

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

TERM

This tariff and the tariffs reflecting each specific energy efficiency program shall be effective from [TBD] through December 31, 2015.

Missouri Energy Efficiency Investment Act Rider "MEEIA Cycle 1 Rider"

(Energy Efficiency Investment Charge)

APPLICABILITY

The ENERGY EFFICIENCY INVESTMENT RATE (EEIR) under this MEEIA Cycle 1 Rider is applicable to all kilowatt-hours (kWh) of energy supplied to customers served by the Company excluding kWh of energy supplied to "opt-out" customers and to lighting only customers, and appears on customer bills as the "Energy Efficiency Investment Charge."

DEFINITIONS

DSIM (Demand-Side Programs Investment Mechanism) The MEEIA Cycle 1 DSIM is that mechanism approved by the Commission in the Company's filing for demand-side program approval in Case No. EO-2014-0095 to encourage investment in demand-side programs. Unless otherwise ordered by the Commission pursuant to 4 CSR 240-20.093(2)(J), costs of the Energy Efficiency Portfolio associated with this Program Period shall be deferred as described in the Commission's Report and Order in Case No. EO-2014-0095 until June 1, 2015. Pursuant to the Commission's Report and Order in Case No. EO-2014-0095, the Company is authorized to record and recover a TD-NSB Share, and to potentially receive a Utility Incentive Component as described in 4 CSR 240-20.093(1)(EE). Both deferred and ongoing Program Costs and the TD-NSB Share and the Utility Incentive Component (if any) shall be recovered through this MEEIA Rider. All customers taking service under the affected rate schedules shall pay the charge regardless of whether a particular customer utilizes a demand-side program available hereunder, except opt-out customers.

Energy Efficiency Portfolio The MEEIA Cycle 1 Energy Efficiency Portfolio are those programs described in SHEET # - SHEET #, that impact customer energy use in such a way as to reduce consumption of electricity. With the exception of the _______ program, the programs included in this tariff are cost effective having a total resource cost test ratio of greater than 1.0.

Effective Period (EP) Means the six (6) billing months beginning with the June 2015 billing month, and each six month period there-after.

Measure An end-use measure (an energy-efficiency measure or an energy-management measure), energy efficiency measure (any device, technology, or operating procedure that makes it possible to deliver an adequate level and quality of end-use energy service while using less energy than would otherwise be required), and energy management measure (any device, technology, or operating procedure that makes it possible to alter the time pattern of electricity usage so as to require less generating capacity or to allow the electric power to be supplied from more fuel-efficient generating units. Energy-management measures are sometimes referred to as demand response measures).

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

Program Costs Are the costs of demand-side programs approved by the Commission in accordance with 4 CSR 240-20.094 Demand-Side Programs. Indirect costs associated with demand-side programs, including but not limited to costs of utility market potential study and/or utility's portion of statewide technical resource manual, shall be allocated to demand-side programs and thus shall be eligible for recovery through an approved DSIM. The program costs for the programs in the MEEIA Cycle 1 Energy Efficiency Portfolio are described in the "Program Energy Savings Targets and Budgets" section here-in.

Program Energy Savings Targets and Budgets Means the budgeted costs and projected savings relied on by the Commission in Case No. EO-2014-0095, and targets based on savings at customer meters (excluding transmission and distribution line losses). ***[INSERT TABLE]***

Program Period The period from [TBD based upon timing of MEEIA plan approval] through December 31, 2015.

TD-NSB Share (Throughput Disincentive Net Share Benefits) Means ##.##% of the benefits associated with the Energy Efficiency Portfolio, adjusted by a Time-Value Adjustment Factor of ##.##%. The value of each Measure included in the Energy Efficiency Portfolio is given in the table on Sheet ##.

Utility Incentive MWH Targets ***[INSERT APPROPRIATE SHARING GRID]***

TERM

This MEEIA Cycle 1 Rider shall be effective from [TBD] until the beginning of the first EP following the final true-up of a Utility Incentive Component, if any. If a Utility Incentive Component is not awarded, this tariff shall be effective until the beginning of the first EP following the final true-up of Program Costs and TD-NSB Share.

ENERGY EFFICIENCY INVESTMENT RATE (EEIR) DETERMINATION

The EEIR during each applicable EP is a dollar per kWh rate for each Service Classification calculated as follows:

EEIR = [NPC + NTD + NPI + NOA]/PE

Where:

NPC = Net Program Costs for the applicable EP as defined below,

NPC = PPC + PCR + DPC

PPC = Projected Program Costs is an amount equal to Program Costs projected by the Company to be incurred during the applicable EP.

PCR = Program Costs Reconciliation is equal to the cumulative difference, if any, between the PPC revenues billed resulting from the application of the EEIR and the actual Program Costs incurred through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest charged at the Company's monthly short-term borrowing rate.

DPC = Deferred Program Costs is an amount equal to ¼ of the Program Costs deferred prior to June 1, 2015.

NTD = Net Throughput Disincentive for the applicable EP as defined below,

NTD = PTD + TDR + DTD

PTD = Projected Throughput Disincentive is 90% of the TD-NSB Share projected by the Company to be incurred during the applicable EP.

TDR = Throughput Disincentive Reconciliation is equal to the cumulative difference, if any, between the PTD revenues billed resulting from the application of the EEIR and 100% of the Company's TD-NSB Share through the end of the previous EP, determined using the actual number of measures (by type) installed each month (which will reflect projections through the end of the previous EP due to timing of adjustments).

DTD = Deferred Throughput Disincentive is an amount equal to ¼ of the TD-NSB Share deferred prior to June 1, 2015.

NPI = Net Performance Incentive for the applicable EP as defined below,

NPI = PI + PIR

PI = Performance Incentive is equal to the Performance Incentive Award monthly amortization multiplied by the number of billing months in the applicable EP.

The monthly amortization shall be determined by dividing the Performance Incentive Award by the number of available billing months between the first billing month of the first EEIR filing after the determination of the Performance Incentive Award and 18 calendar months following the end of the annual period in which the Performance Incentive Award is determined.

The number of applicable billing months in the EP shall be the number of applicable billing months less the number of months including Performance Incentive Award amortization from previous EPs.

PIR = Performance Incentive Reconciliation is equal to the cumulative difference, if any, between the PI revenues billed resulting from the application of the EEIR and the monthly amortization of the Performance Incentive Award through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest charged at the Company's monthly short-term borrowing rate.

NOA = Net Ordered Adjustment for the applicable EP as defined below,

NOA = OA + OAR

OA = Ordered Adjustment is the amount of any adjustment to the EEIR ordered by the Commission as a result of prudence reviews and/or corrections under this MEEIA Cycle 1 Rider. Such amounts shall include monthly interest at the Company's ______ rate.

OAR = Ordered Adjustment Reconciliation is equal to the cumulative difference, if any, between the OA revenues billed resulting from the application of the EEIR and the actual OA ordered by the Commission through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest charged at the ______ rate.

PE = Projected Energy, in kWh, forecasted to be delivered to the customers to which the Rider EEIC applies during the applicable EP.

The EEIR components and Total EEIR applicable to the individual Service Classifications shall be rounded to the nearest $0.000001.

Allocations of charges for each Service Classification for the MEEIA Cycle 1 Plan will be made in accordance with the Stipulation.

The EEIR shall not be applicable to the bills of customers that have satisfied the opt-out provisions contained in Section 393.1075.7, RSMo.

FILING

After the initial EEIR tariff sheet filing, the Company shall make an EEIR tariff sheet filing to take effect each July and January under the Term of this MEEIA Cycle 1 Rider. EEIR tariff sheet filings shall be made at least sixty (60) days prior to their effective dates.

PRUDENCE REVIEWS

A prudence review shall be conducted no less frequently than at twenty-four (24) month intervals in accordance with 4 CSR 240-20.093(10). Any costs which are determined by the Commission to have been imprudently incurred or incurred in violation of the terms of this MEEIA Cycle 1 Rider shall be addressed through an adjustment in the next EEIR determination and reflected in factor OA above.

Specimen EEIR Tariff Sheet:

EEIR Components and Total EEIR

Service Class	**NPC/PE ($/kWh)**	**NTD/PE ($/kWh)**	**NPI/PE ($/kWh)**	**NOA/PE ($/kWh)**	**Total EEIR ($/kWh)**
Residential Service					
Small General Service					
Medium General Service					
Large General Service					
Large Primary Service					

INITIAL FILING RESIDENTIAL KCPL MEEIA CYCLE 1 RIDER REDESIGN CONTENTS*

Treatment	High-end	Description	1-Jun-14	1-Jul-14	1-Aug-14	1-Sep-14	1-Oct-14	1-Nov-14	1-Dec-14	1-Jan-15	1-Feb-15	1-Mar-15	1-Apr-15	1-May-15	1-Jun-15
Amortized 24 months	$ 6,875,000	Program Costs June 1, 2014 - March 31, 2015													$ 286,458
Recovered "real time"	$ 4,125,000	Program Costs April 1, 2015 - December 31, 2016													$ 589,286
Amortized 24 months	$ 4,062,500	TD-NSB June 1, 2014 - March 31, 2015													$ 169,271
Recovered "real time"	$ 2,437,500	TD-NSB April 1, 2015 - December 31, 2016													$ 348,214
Amortized 18 months	$ 1,840,000	Incentive													
Total TD-NSB Share:	$ 6,500,000	Total:													$ 1,393,229
Total Program Costs:	$ 11,000,000	Rate**:													$ 0.0064940
		Customer Impact***:													$ 6.49

*Uses Annualized estimates of primarily KCPL numbers - does not incorporate any carrying charges, true-ups, prudence reviews, etc.

INITIAL FILING IMPACT SUMMARY

Rate	Charge	Description
$ 0.0064940	$ 6.49	June 1, 2015 - December 31, 2015
$ 0.0021242	$ 2.12	January 1, 2016 - May 31, 2017
$ 0.0004765	$ 0.48	June 1, 2017 - November 1, 2018

GROSS CORRECTION RESIDENTIAL KCPL MEEIA CYCLE 1 RIDER REDESIGN CONTENTS****

Treatment	Revised	Description	1-Jun-14	1-Jul-14	1-Aug-14	1-Sep-14	1-Oct-14	1-Nov-14	1-Dec-14	1-Jan-15	1-Feb-15	1-Mar-15	1-Apr-15	1-May-15	1-Jun-15
Amortized 24 months	$ 2,289,375	Program Costs June 1, 2014 - March 31, 2015													$ 95,391
Recovered "real time"	$ 1,373,625	Program Costs April 1, 2015 - December 31, 2016													$ 196,232
Amortized 24 months	$ 2,812,500	TD-NSB June 1, 2014 - March 31, 2015													$ 117,188
Recovered "real time"	$ 1,687,500	TD-NSB April 1, 2015 - December 31, 2016													$ 241,071
Amortized 18 months	$ 612,720	Incentive													
Total TD-NSB Share:	$ 4,500,000	Total:													$ 649,882
Total Program Costs:	$ 3,663,000	Rate**:													$ 0.0030292
		Customer Impact***:													$ 3.03

****Uses grossly generalized estimated corrections to annualized estimates of primarily KCPL numbers - does not incorporate any carrying charges, true-ups, prudence reviews, etc.

GROSS CORRECTION IMPACT SUMMARY

Rate	Charge	Description
$ 0.0030292	$ 3.03	June 1, 2015 - December 31, 2015
$ 0.0009908	$ 0.99	January 1, 2016 - May 31, 2017
$ 0.0004765	$ 0.48	June 1, 2017 - November 1, 2018

**Billing Units:	214541471
***Customer Usage:	1000

$ 286,458	$ 286,458	$ 286,458	$ 286,458	$ 286,458	$ 286,458	$ 286,458	$ 286,458	$ 286,458	$ 286,458	$ 286,458
$ 589,286	$ 589,286	$ 589,286	$ 589,286	$ 589,286	$ 589,286					
$ 169,271	$ 169,271	$ 169,271	$ 169,271	$ 169,271	$ 169,271	$ 169,271	$ 169,271	$ 169,271	$ 169,271	$ 169,271
$ 348,214	$ 348,214	$ 348,214	$ 348,214	$ 348,214	$ 348,214					
1-Jul-15	1-Aug-15	1-Sep-15	1-Oct-15	1-Nov-15	1-Dec-15	1-Jan-16	1-Feb-16	1-Mar-16	1-Apr-16	1-May-16
$ 1,393,229	$ 1,393,229	$ 1,393,229	$ 1,393,229	$ 1,393,229	$ 1,393,229	$ 455,729	$ 455,729	$ 455,729	$ 455,729	$ 455,729
$ 0.0064940	$ 0.0064940	$ 0.0064940	$ 0.0064940	$ 0.0064940	$ 0.0064940	$ 0.0021242	$ 0.0021242	$ 0.0021242	$ 0.0021242	$ 0.0021242
$ 6.49	$ 6.49	$ 6.49	$ 6.49	$ 6.49	$ 6.49	$ 2.12	$ 2.12	$ 2.12	$ 2.12	$ 2.12

$ 95,391	$ 95,391	$ 95,391	$ 95,391	$ 95,391	$ 95,391	$ 95,391	$ 95,391	$ 95,391	$ 95,391	$ 95,391
$ 196,232	$ 196,232	$ 196,232	$ 196,232	$ 196,232	$ 196,232					
$ 117,188	$ 117,188	$ 117,188	$ 117,188	$ 117,188	$ 117,188	$ 117,188	$ 117,188	$ 117,188	$ 117,188	$ 117,188
$ 241,071	$ 241,071	$ 241,071	$ 241,071	$ 241,071	$ 241,071					
1-Jul-15	1-Aug-15	1-Sep-15	1-Oct-15	1-Nov-15	1-Dec-15	1-Jan-16	1-Feb-16	1-Mar-16	1-Apr-16	1-May-16
$ 649,882	$ 649,882	$ 649,882	$ 649,882	$ 649,882	$ 649,882	$ 212,578	$ 212,578	$ 212,578	$ 212,578	$ 212,578
$ 0.0030292	$ 0.0030292	$ 0.0030292	$ 0.0030292	$ 0.0030292	$ 0.0030292	$ 0.0009908	$ 0.0009908	$ 0.0009908	$ 0.0009908	$ 0.0009908
$ 3.03	$ 3.03	$ 3.03	$ 3.03	$ 3.03	$ 3.03	$ 0.99	$ 0.99	$ 0.99	$ 0.99	$ 0.99

$ 286,458	$ 286,458	$ 286,458	$ 286,458	$ 286,458	$ 286,458	$ 286,458	$ 286,458	$ 286,458	$ 286,458	$ 286,458
$ 169,271	$ 169,271	$ 169,271	$ 169,271	$ 169,271	$ 169,271	$ 169,271	$ 169,271	$ 169,271	$ 169,271	$ 169,271

1-Jun-16	1-Jul-16	1-Aug-16	1-Sep-16	1-Oct-16	1-Nov-16	1-Dec-16	1-Jan-17	1-Feb-17	1-Mar-17	1-Apr-17
$ 455,729	$ 455,729	$ 455,729	$ 455,729	$ 455,729	$ 455,729	$ 455,729	$ 455,729	$ 455,729	$ 455,729	$ 455,729
$ 0.0021242	$ 0.0021242	$ 0.0021242	$ 0.0021242	$ 0.0021242	$ 0.0021242	$ 0.0021242	$ 0.0021242	$ 0.0021242	$ 0.0021242	$ 0.0021242
$ 2.12	$ 2.12	$ 2.12	$ 2.12	$ 2.12	$ 2.12	$ 2.12	$ 2.12	$ 2.12	$ 2.12	$ 2.12

$ 95,391	$ 95,391	$ 95,391	$ 95,391	$ 95,391	$ 95,391	$ 95,391	$ 95,391	$ 95,391	$ 95,391	$ 95,391
$ 117,188	$ 117,188	$ 117,188	$ 117,188	$ 117,188	$ 117,188	$ 117,188	$ 117,188	$ 117,188	$ 117,188	$ 117,188

1-Jun-16	1-Jul-16	1-Aug-16	1-Sep-16	1-Oct-16	1-Nov-16	1-Dec-16	1-Jan-17	1-Feb-17	1-Mar-17	1-Apr-17
$ 212,578	$ 212,578	$ 212,578	$ 212,578	$ 212,578	$ 212,578	$ 212,578	$ 212,578	$ 212,578	$ 212,578	$ 212,578
$ 0.0009908	$ 0.0009908	$ 0.0009908	$ 0.0009908	$ 0.0009908	$ 0.0009908	$ 0.0009908	$ 0.0009908	$ 0.0009908	$ 0.0009908	$ 0.0009908
$ 0.99	$ 0.99	$ 0.99	$ 0.99	$ 0.99	$ 0.99	$ 0.99	$ 0.99	$ 0.99	$ 0.99	$ 0.99

$ 286,458										
$ 169,271										
	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222
1-May-17	1-Jun-17	1-Jul-17	1-Aug-17	1-Sep-17	1-Oct-17	1-Nov-17	1-Dec-17	1-Jan-18	1-Feb-18	1-Mar-18
$ 455,729	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222
$ 0.0021242	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765
$ 2.12	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48

$ 95,391										
$ 117,188										
	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222
1-May-17	1-Jun-17	1-Jul-17	1-Aug-17	1-Sep-17	1-Oct-17	1-Nov-17	1-Dec-17	1-Jan-18	1-Feb-18	1-Mar-18
$ 212,578	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222
$ 0.0009908	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765
$ 0.99	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48

$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222
1-Apr-18	1-May-18	1-Jun-18	1-Jul-18	1-Aug-18	1-Sep-18	1-Oct-18	1-Nov-18
$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222
$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765
$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48

$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222
1-Apr-18	1-May-18	1-Jun-18	1-Jul-18	1-Aug-18	1-Sep-18	1-Oct-18	1-Nov-18
$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222	$ 102,222
$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765	$ 0.0004765
$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48	$ 0.48

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE
For MEEIA CYCLE 1 Plan

APPLICABILITY

This Rider EEIC – Energy Efficiency Investment Charge(Rider EEIC) is applicable to all kilowatt-hours (kWh) of energy supplied to customers served by Ameren Missouri (Company) under Service Classification Nos. 1(M), 2(M), 3(M), 4(M), 11(M), and 12(M), excluding kWh of energy supplied to "opt-out" customers.

Charges passed through this Rider EEIC reflect the charges approved to be collected from the implementation of the MEEIA Cycle 1 Plan. Those charges include: 1) projected Program Costs, projected Ameren Missouri’s TD-NSB Share and Performance Incentive Award (if any) for each Effective Period, 2) Reconciliations, with interest, to true-up for differences between the revenues billed under this Rider EEIC and total actual monthly amounts for: i) Program Costs incurred, ii) Ameren Missouri’s TD-NSB Share incurred, and iii)amortization of any Performance Incentive Award ordered by the Missouri Public Service Commission (Commission) and 3)any Ordered Adjustments. Charges under this Rider EEIC shall continue after the anticipated December 31, 2015 end of MEEIA Cycle 1 Plan until such time as the charges described in items 1), 2) and 3) in the immediately preceding sentence have been billed. Charges arising from the MEEIA Cycle 1 Plan that are the subject of this Rider EEIC shall be reflected in one “Energy Efficiency Invest Chg” on customers’ bills in combination with any charges arising from a rider that is applicable to post-MEEIA Cycle 1 Plan demand-side management programs approved under the Missouri Energy Efficiency Investment Act.

DEFINITIONS

As used in this Rider EEIC, the following definitions shall apply:

"Ameren Missouri's TD-NSB Share" means 26.34% of the TD-NSB multiplied by the Time-Value Adjustment Factor.

"Effective Period" (EP) means the twelve (12) billing months beginning with the February billing month and ending with the January billing month. Where an additional EEIC filing is made during a calendar year, the Effective Period for such a filing shall begin with the June or October billing month and end with the subsequent January billing month.

"Evaluation Measurement & Verification - Net Shared Benefits" (EM&V-NSB) means the 2013 present value of the lifetime avoided costs (i.e., avoided energy, capacity, transmission and distribution, and probable environmental compliance costs) for the MEEIA Cycle 1 Plan using the EM&V results described in paragraph 11 of the Stipulation less the 2013 present value of Program Costs. Paragraphs 5.b.ii and 6.c. of the Stipulation provide further description of the EM&V-NSB.

"MEEIA Cycle 1 Plan" has the same meaning as the defined term "Plan" provided for in paragraph 4 of the Stipulation, as it may be hereafter amended by Commission-approved amendments to the Stipulation.

“MWH Target” has the meaning provided for in paragraph 5.b.ii and Appendix B of the Stipulation.

"Program Costs" means program expenditures, including such items as program design, administration, delivery, end-use measures and incentive payments, evaluation, measurement and verification, market potential studies and work on the Technical Resource Manual (TRM).

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA CYCLE 1 Plan

DEFINITIONS (Cont'd.)

"Performance Incentive Award" means the sum of a two-year annuity (using 6.95% as a discount rate and not discounting the first period) of a percentage of EM&V-NSB as described below and further described in paragraph 5.b.ii and Appendix B of the Stipulation:

Percent of MWH Target	Percent of EM&V-NSB*
<70	0.00%
70	4.60%
80	4.78%
90	4.92%
100	5.03%
110	5.49%
120	5.87%
130	6.19%
>130	6.19%

*Includes income taxes (i.e. results in revenue requirement without adding income taxes). The percentages are interpolated linearly between the performance levels.

"Stipulation" means the Stipulation and Agreement approved by the Commission in its order effective August 11, 2012, as amended by order effective December 29, 2012, in File No. EO-2012-0142, as it may be amended further by subsequent Commission orders.

"Throughput Disincentive - Net Shared Benefits" (TD-NSB)means the 2013 present value of the lifetime avoided costs (i.e., avoided energy, capacity, transmission and distribution, and probable environmental compliance costs) for the MEEIA Cycle 1 Plan using the deemed values in the TRM, less the 2013 present value of Program Costs as further described in paragraphs 5.b.i and 6. b. of the Stipulation.

"Time-Value Adjustment Factor" means the factor used each month to convert Ameren Missouri's TD-NSB Share from a present value into a nominal revenue requirement. The factor is [1.0695 ^ (Calendar Year – 2013)].

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA CYCLE 1 Plan

ENERGY EFFICIENCY INVESTMENT RATE (EEIR) DETERMINATION

The EEIR during each applicable EP is a dollar per kWh rate for each Service Classification calculated as follows:

EEIR = [NPC + NTD + NPI + NOA]/PE

Where:

NPC = Net Program Costs for the applicable EP as defined below,

NPC = PPC + PCR

PPC = Projected Program Costs is an amount equal to Program Costs projected by the Company to be incurred during the applicable EP.

PCR = Program Costs Reconciliation is equal to the cumulative difference, if any, between the PPC revenues billed resulting from the application of the EEIR and the actual Program Costs incurred through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest charged at the Company's monthly short-term borrowing rate.

NTD = Net Throughput Disincentive for the applicable EP as defined below,

NTD = PTD + TDR

PTD = Projected Throughput Disincentive is 90% of Ameren Missouri's TD-NSB Share projected by the Company to be incurred during the applicable EP.

TDR = Throughput Disincentive Reconciliation is equal to the cumulative difference, if any, between the PTD revenues billed resulting from the application of the EEIR and 100% of Ameren Missouri's TD-NSB Share through the end of the previous EP as adjusted for the inputs described in paragraph 6.b. of the Stipulation, (which will reflect projections through the end of the previous EP due to timing of adjustments). Prior to the beginning of the February 2014 billing month, such amounts shall include monthly interest charged at the Company's monthly Allowance for Funds Used During Construction (AFUDC) rate. Beginning with the start of the February 2014 billing month, any cumulative difference and all subsequent amounts shall include monthly interest charged at the Company's monthly short-term borrowing rate.

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA CYCLE 1 Plan

EEIR DETERMINATION (Cont'd.)

NPI = Net Performance Incentive for the applicable EP as defined below,

NPI = PI + PIR

PI = Performance Incentive is equal to the Performance Incentive Award monthly amortization multiplied by the number of billing months in the applicable EP.

The monthly amortization shall be determined by dividing the Performance Incentive Award by the number of available billing months between the first billing month of the first EEIR filing after the determination of the Performance Incentive Award and 24 calendar months following the end of the annual period in which the Performance Incentive Award is determined.

The number of applicable billing months in the EP shall be the number of applicable billing months less the number of months including Performance Incentive Award amortization from previous EPs.

PIR = Performance Incentive Reconciliation is equal to the cumulative difference, if any, between the PI revenues billed resulting from the application of the EEIR and the monthly amortization of the Performance Incentive Award through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest charged at the Company's monthly short-term borrowing rate.

NOA = Net Ordered Adjustment for the applicable EP as defined below,

NOA = OA + OAR

OA = Ordered Adjustment is the amount of any adjustment to the EEIC ordered by the Commission as a result of prudence reviews and/or corrections under this Rider EEIC. Such amounts shall include monthly interest at the Company's monthly short-term borrowing rate.

OAR = Ordered Adjustment Reconciliation is equal to the cumulative difference, if any, between the OA revenues billed resulting from the application of the EEIR and the actual OA ordered by the Commission through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest charged at the Company's monthly short-term borrowing rate.

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA CYCLE 1 Plan

EEIR DETERMINATION (Cont'd.)

PE = Projected Energy, in kWh, forecasted to be delivered to the customers to which the Rider EEIC applies during the applicable EP.

The EEIR components and Total EEIR applicable to the individual Service Classifications shall be rounded to the nearest $0.000001.

Allocations of charges for each Service Classification for the MEEIA Cycle 1 Plan will be made in accordance with the Stipulation.

This Rider EEIC shall not be applicable to customers that have satisfied the opt-out provisions contained in Section 393.1075.7, RSMo.

FILING

The Company shall make an EEIC filing each calendar year to be effective for the subsequent calendar year's February billing month. The Company is allowed or may be ordered by the Commission to make one other EEIC filing in each calendar year with such subsequent filing to be effective beginning with either the June or October billing month. Rider EEIC filings shall be made at least sixty (60) days prior to their effective dates.

PRUDENCE REVIEWS

A prudence review shall be conducted no less frequently than at twenty-four (24) month intervals in accordance with 4 CSR 240-20.093(10). Any costs which are determined by the Commission to have been imprudently incurred or incurred in violation of the terms of this Rider EEIC shall be addressed through an adjustment in the next EEIR determination and reflected in factor OA above.

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA CYCLE 1 Plan
(Applicable To Determination of EEIR for the Billing Months of February 2014 through January 2015)

EEIR Components and Total EEIR

Service Class	NPC/PE ($/kWh)	NTD/PE ($/kWh)	NPI/PE ($/kWh)	NOA/PE ($/kWh)	Total EEIR ($/kWh)
1(M)-Residential Service	$0.001447	$0.002025	$0.000000	$0.000000	**$0.003472**
2(M)-Small General Service	$0.000920	$0.001035	$0.000000	$0.000000	**$0.001955**
3(M)-Large General Service	$0.000933	$0.001439	$0.000000	$0.000000	**$0.002372**
4(M)-Small Primary Service	$0.000936	$0.001087	$0.000000	$0.000000	**$0.002023**
11(M)-Large Primary Service	$0.000809	$0.000886	$0.000000	$0.000000	**$0.001695**
12(M)-Large Transmission Service	$0.000000	$0.000000	$0.000000	$0.000000	**$0.000000**

Examples of Lost Revenue Recovery Mechanisms and Decoupling Mechanism
0.2% Annual Energy Savings from DSM Programs (MWh)

		Case 1 Sales Growth Positive and Greater Than Energy Savings	Case 2 Sales Growth Positive and Less Than Energy Savings	Case 3 No Sales Growth Without DSM	Case 4 Sales Growth Negative and Less Than Energy Savings	Case 5 Sales Growth Negative and Less Than Energy Savings
a	**Sales Used To Set Electricity Rates**	37,800,000	37,800,000	37,800,000	37,800,000	37,800,000
b	**Sales Growth Without DSM**	756,000	378,000	0	(378,000)	(756,000)
c	**Energy Savings from DSM Programs**	75,600	75,600	75,600	75,600	75,600
d = b - c	**Sales Growth With DSM**	680,400	302,400	(75,600)	(453,600)	(831,600)
e = c	**Company Proposed Shard Net Benefits**	75,600	75,600	75,600	75,600	75,600
f	**Rule 4 CSR 240-20.093(2)(F)**	0	0	75,600	75,600	75,600
g = c - b	**Decoupling**	(680,400)	(302,400)	75,600	453,600	831,600
h	**Sales Growth Rate Without DSM (%)**	2.00%	1.00%	0.00%	-1.00%	-2.00%
i	**DSM Programs Energy Savings (%)**	0.20%	0.20%	0.20%	0.20%	0.20%

Examples of Lost Revenue Recovery Mechanisms and Decoupling Mechanism
0.7% Annual Energy Savings from DSM Programs (MWh)

		Case 1 Sales Growth Positive and Greater Than Energy Savings	Case 2 Sales Growth Positive and Less Than Energy Savings	Case 3 No Sales Growth Without DSM	Case 4 Sales Growth Negative and Less Than Energy Savings	Case 5 Sales Growth Negative and Less Than Energy Savings
a	**Sales Used To Set Electricity Rates**	37,800,000	37,800,000	37,800,000	37,800,000	37,800,000
b	**Sales Growth Without DSM**	756,000	378,000	0	(378,000)	(756,000)
c	**Energy Savings from DSM Programs**	250,000	250,000	250,000	250,000	250,000
d = b - c	**Sales Growth With DSM**	506,000	128,000	(250,000)	(628,000)	(1,006,000)
e = c	**Company Proposed Shard Net Benefits**	250,000	250,000	250,000	250,000	250,000
f	**Rule 4 CSR 240-20.093(2)(F)**	0	0	250,000	250,000	250,000
g = c - b	**Decoupling**	(506,000)	(128,000)	250,000	628,000	1,006,000
h	**Sales Growth Rate Without DSM (%)**	2.00%	1.00%	0.00%	-1.00%	-2.00%
i	**DSM Programs Energy Savings (%)**	0.66%	0.66%	0.66%	0.66%	0.66%

Examples of Lost Revenue Recovery Mechanisms and Decoupling Mechanism
1.2% Annual Energy Savings from DSM Programs (MWh)

		Case 1 Sales Growth Positive and Greater Than Energy Savings	Case 2 Sales Growth Positive and Less Than Energy Savings	Case 3 No Sales Growth Without DSM	Case 4 Sales Growth Negative and Less Than Energy Savings	Case 5 Sales Growth Negative and Less Than Energy Savings
a	**Sales Used To Set Electricity Rates**	37,800,000	37,800,000	37,800,000	37,800,000	37,800,000
b	**Sales Growth Without DSM**	756,000	378,000	0	(378,000)	(756,000)
c	**Energy Savings from DSM Programs**	453,600	453,600	453,600	453,600	453,600
d = b - c	**Sales Growth With DSM**	302,400	(75,600)	(453,600)	(831,600)	(1,209,600)
e = c	**Company Proposed Shard Net Benefits**	453,600	453,600	453,600	453,600	453,600
f	**Rule 4 CSR 240-20.093(2)(F)**	0	75,600	453,600	453,600	453,600
g = c - b	**Decoupling**	(302,400)	75,600	453,600	831,600	1,209,600
h	**Sales Growth Rate Without DSM (%)**	2.00%	1.00%	0.00%	-1.00%	-2.00%
i	**DSM Programs Energy Savings (%)**	1.20%	1.20%	1.20%	1.20%	1.20%

Examples of Lost Revenue Recovery Mechanisms and Decoupling Mechanism
1.7% Annual Energy Savings from DSM Programs (MWh)

		Case 1 Sales Growth Positive and Greater Than Energy Savings	Case 2 Sales Growth Positive and Less Than Energy Savings	Case 3 No Sales Growth Without DSM	Case 4 Sales Growth Negative and Less Than Energy Savings	Case 5 Sales Growth Negative and Less Than Energy Savings
a	**Sales Used To Set Electricity Rates**	37,800,000	37,800,000	37,800,000	37,800,000	37,800,000
b	**Sales Growth Without DSM**	756,000	378,000	0	(378,000)	(756,000)
c	**Energy Savings from DSM Programs**	642,600	642,600	642,600	642,600	642,600
d = b - c	**Sales Growth With DSM**	113,400	(264,600)	(642,600)	(1,020,600)	(1,398,600)
e = c	**Company Proposed Shard Net Benefits**	642,600	642,600	642,600	642,600	642,600
f	**Rule 4 CSR 240-20.093(2)(F)**	0	264,600	642,600	642,600	642,600
g = c - b	**Decoupling**	(113,400)	264,600	642,600	1,020,600	1,398,600
h	**Sales Growth Rate Without DSM (%)**	2.0%	1.0%	0.0%	-1.0%	-2.0%
i	**DSM Programs Energy Savings (%)**	1.7%	1.7%	1.7%	1.7%	1.7%