

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

In the Matter of Union Electric Company d/b/a)
Ameren Missouri's 2nd Filing to Implement) File No. EO-2015-0055
Regulatory Changes in Furtherance of Energy)
Efficiency as Allowed by MEEIA.)

**NON-UNANIMOUS STIPULATION AND AGREEMENT SETTLING FINAL
EM&V FOR THE 2017 MEEIA CYCLE 2 PROGRAM YEAR**

Under authority of and in accordance with 4 CSR 240-2.115, Union Electric Company d/b/a Ameren Missouri (Ameren Missouri or Company) and the Staff of the Missouri Public Service Commission (Staff) (collectively, the Signatories) file this Non-Unanimous Stipulation and Agreement (PY2017 Stipulation) regarding the results of evaluation, measurement, and verification (EM&V) for the 2017 program year (PY2017) of Ameren Missouri's Missouri Energy Efficiency Investment Act (MEEIA) Cycle 2 demand-side programs.

Background

1. On February 5, 2016, Ameren Missouri and other interested parties to this case submitted to the Commission for its approval a Non-Unanimous Stipulation and Agreement (Cycle 2 Stipulation) related to the Company's implementation of its second, three-year cycle (Cycle 2) of MEEIA programs. The Cycle 2 Stipulation was unopposed by any party, and the Commission issued an order approving it on February 10, 2016. The Cycle 2 Stipulation contained provisions related to EM&V of the Cycle 2 demand-side programs and included procedures whereby a party may request changes (a change request) to the EM&V final reports for each program year.

2. Ameren Missouri engaged The Cadmus Group, Inc. (Cadmus) to evaluate the Company's residential energy efficiency programs, and ADM Associates, Inc. (ADM) to evaluate the Cycle 2 business energy efficiency programs. On July 13, 2018, Cadmus and ADM (the Evaluators) filed their PY2017 EM&V final reports.

3. In accordance with 4 CSR 240-20.093(7), the Commission hired Evergreen Economics to serve as its independent contractor (Auditor) to audit and report on the work of the Evaluators. On July 24, 2018, the Auditor filed its PY2017 EM&V final report regarding Ameren Missouri's programs in this case.

4. On August 15, 2018, Ameren Missouri and Staff each filed change requests seeking certain changes to the Cadmus PY2017 EM&V final report, as contemplated by the Cycle 2 Stipulation.

5. Ameren Missouri's filing requested two changes to the Cadmus PY2017 EM&V final report. One change concerned the method Cadmus used to calculate residential Electronically Commutated Motor fan motor savings. The other concerned the Evaluators' calculation of residential pipe wrap savings.

6. Staff's filing recommended the Commission accept the Auditor's recommended changes with one exception. That exception concerned the methodology used to allocate the residential portfolio's non-participant spillover annual energy savings to individual residential programs. Instead, Staff recommended the Even Allocation methodology described in Cadmus's PY2017 EM&V final report be used to allocate the Auditor's adjusted residential portfolio's non-participant spillover annual energy savings to individual residential energy programs.

7. Following the change request filings, Ameren Missouri, Staff, and OPC (without objection from any other party to this docket) filed their *Joint Motion to Adopt Procedural Schedule*, which the Commission adopted by order dated August 28, 2018.

Ameren Missouri's Cycle 2 Rider EEIC

8. Under terms of Ameren Missouri's Cycle 2 Rider EEIC, the Company shall use the Evaluators' PY2017 EM&V final reports and any changes to those reports required by the terms of this PY2017 Stipulation to:

- a. Determine prospectively, following completion of Cycle 2, an adjustment to the TD based upon the portfolio net-to-gross factor (NTGF)¹ used for Ameren Missouri's Cycle 2 earnings opportunity (EO); and
- b. Determine retrospectively, following completion of Cycle 2, Ameren Missouri's Cycle 2 EO.²

Terms of the Proposed Settlement

9. This PY2017 Stipulation is being filed solely to settle the issues resulting from differences in the Cadmus PY2017 EM&V final report and the change requests filed by Ameren Missouri and Staff on August 15, 2018. This PY2017 Stipulation is the result of extensive review and analysis by Ameren Missouri and Staff of findings contained in the PY2017 EM&V final reports of the Auditor and the Evaluators and settlement discussions among the Signatories. Based on their analyses and discussions, the Signatories agree to the following terms to settle the PY2017 EM&V issues:

- a. For PY2017, the Signatories agree to reduce evaluated 2023 demand savings associated with Residential HVAC Early Replacement measures by 50% of the difference between evaluated 2023 demand savings and 2023 demand savings determined by modeling the Residential HVAC Early Replacement measures using a "mid-life adjustment" of the baseline measure. The change for PY2017 "mid-life adjustment" modeling was performed by using the existing equipment as the base measure for the first 1/3 of the Effective Useful Life (EUL) of the measure and a base measure consistent with "replace on failure" for modeling the remaining 2/3 of the EUL of the measure. For PY2017 this

¹ See definition of NTGF on 1st Revised Sheet No. 91.8 and item (2) on 1st Revised Sheet No. 91.9.

² See 1st Revised Sheet No. 91.9.

does not affect the first year net kWh, but reduces the 2023 net kW by 6,669. For PY2018, the modeling of all HVAC Early Replacement measures will be performed using the "mid-life adjustment" approach, as specified in the PY2017 Auditor's Report;

- b. For PY2018, the Signatories agree the Evaluators will perform cost effectiveness analyses using DSMore modeling tools;
- c. For PY2018, the Signatories agree the Residential Evaluator will analyze and report pre-treatment participation for the Home Energy Report (HER) control group and treatment group and identify statistical differences, if any, between those groups;
- d. For PY2018, the Signatories agree the Residential Evaluator will update the Residential lighting price/demand elasticity model for the Residential Lighting program;
- e. For PY2017, the Signatories agree to reduce the Residential like spillover, based on retailer surveys, by a 50.9% decrement, which represents the weighted average of the total application of free ridership to each of the individual bulb types, which vary from 37% to 68%. This reduces the first year net kWh by 5,221,070 and the 2023 net kW by 786;
- f. For PY2017, the Signatories agree the Residential pipe wrap evaluation results will be updated to incorporate a correction to a calculation error in the identified pipe wrap thickness, as specified in the change request filed by Ameren Missouri. This increases the first year net kWh by 46,570, but does not impact the 2023 net kW;
- g. For PY2017, the Signatories agree the Residential ECM evaluation results will be adjusted to reflect ECM usage in continuous mode for 10% of the time, as specified in the change request filed by Ameren Missouri. This increases the first year net kWh by 2,749,900 and the 2023 net kW by 1,282;

- h. As soon as reasonably possible, the Company will convene a series of meetings with Staff, OPC, the other Cycle 2 regulatory stakeholders, Cadmus, and the Auditor with the goal of the meetings being to reach agreement on the following: (i) the design of the retailer survey, how it is delivered, and how it is used when calculating lighting spillover; (ii) revisions to participant survey to significantly reduce the number of "don't know" responses and how "don't know" responses will be treated; and (iii) specifications used in the lighting price/demand elasticity model. The Signatories agree that time is of the essence given the remaining time for PY2018;
- i. Nothing in the PY2017 Stipulation and Agreement modifies the terms of previous Stipulation and Agreements; and
- j. For PY2017, the Signatories agree the tables shown on **Appendix A**, which is attached to this Stipulation and incorporated for all purposes, identify the final EM&V results agreed to by the Signatories.

General Provisions

10. Except as otherwise specifically agreed herein, the Signatories agree that the terms of this PY2017 Stipulation do not establish a precedent for the resolution of EM&V for PY2018. The Signatories further agree that agreement to the terms of this PY2017 Stipulation does not constitute a waiver of the Signatories' right to take a different position regarding EM&V for PY2018.

11. This PY2017 Stipulation is being entered into for the purpose of disposing of the issues arising from PY2017 EM&V. In presenting this PY2017 Stipulation, none of the Signatories shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking principle or procedural principle, including, without limitation, any method of cost or revenue determination or cost allocation or revenue related methodology, and none of the Signatories shall be prejudiced or bound in any manner by the terms of this PY2017 Stipulation (whether it is

approved or not) in this or any other proceeding, other than a proceeding limited to enforce the terms of this PY2017 Stipulation, except as otherwise expressly specified herein.

12. This PY2017 Stipulation has resulted from extensive negotiations and the terms hereof are interdependent. If the Commission does not approve this PY2017 Stipulation or approves it with modifications or conditions to which a party objects, then this PY2017 Stipulation shall be void and no Signatory shall be bound by any of its provisions.

13. If the Commission does not unconditionally approve this PY2017 Stipulation without modification, and notwithstanding its provision that it shall become void, neither this PY2017 Stipulation, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with Section 536.080, RSMo 2000, or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this PY2017 Stipulation had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this PY2017 Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

14. If the Commission unconditionally accepts the specific terms of this PY2017 Stipulation without modification, the Signatories waive, with respect to the issues resolved herein, their respective rights: (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2016; (2) their respective rights to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2016; (3) their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2016; and (4) their respective rights to judicial review pursuant to Section 386.510, RSMo 2016. These waivers apply only to a Commission order respecting this PY2017

Stipulation issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this PY2017 Stipulation.

15. This PY2017 Stipulation contains the entire agreement of the Signatories concerning EM&V for PY2017.

16. This PY2017 Stipulation does not constitute a contract with the Commission. Acceptance of this PY2017 Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has. Thus, nothing in this PY2017 Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

17. Additionally, the Signatories agree that subject to the rules governing practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff shall have the right to provide an oral explanation to support its entering into this PY2017 Stipulation, if the Commission requests one at any agenda meeting where this case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff will be available to answer Commission questions regarding this PY2017 Stipulation. To the extent reasonably practicable, Staff shall provide the Signatories with advance notice of any such agenda meeting so that they may have the opportunity to be present and/or represented at the meeting so that they can answer or otherwise address Commission questions.

18. The Signatories inquired of all parties to this case that are not signatories to this PY2017 Stipulation and are not aware of any party opposing it.

WHEREFORE, the undersigned Signatories respectfully request the Commission issue its

order approving this Stipulation and Agreement on the specific terms and conditions contained herein.

Respectfully submitted,

/s/ L. Russell Mitten

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**ATTORNEYS FOR THE STAFF OF THE
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing filing was served via e-mail on counsel for all parties of record on this 2nd day of October 2018.

/s/ L. Russell Mitten