BEFORE THE PUBLIC SERVICE COMMISSION OF
THE STATE OF MISSOURI

The Staff of the Missouri Public Service Commission,	)	
Complainant,	)	
vs.	)	File No. EC-2015-0315
Union Electric Company d/b/a Ameren Missouri,	)	
Respondent.	)	

AMEREN MISSOURI'S REPLY TO THE STAFF'S RESPONSE

COMES NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company"), and for its reply to the Staff's response to Ameren Missouri's December 17, 2015, *Application for Rehearing and Request for Clarification* ("Application"), states as follows:

1. While rehearing should be granted for the reasons given in the Company's Application, if the Commission were not to grant rehearing the Company requested clarification of the Commission's *Order Granting Staff's Motion for Summary Determination and Denying Ameren Missouri's Motion for Summary Determination* ("Order"). The clarification deals with the megawatt-hour ("MWh") savings to which the updated avoided cost estimates (those underlie the preferred plan in the October 1, 2014 Integrated Resource Plan ("IRP")) should be applied.

2. In response to the Company's clarification request, the Staff basically takes the position that it would be too complicated to apply the updated avoided cost estimates to only those MWhs that arise from demand-side measures that were installed on or after October 1, 2014. The Staff doesn't claim that the clarification the Company seeks would lead to the wrong answer, or

that it is contrary to the rules that the Staff claims support the Order in this case. Instead, the Staff's reply simply suggests that the Staff believes the calculation would be too much trouble.

3. In the Company's experience (and the Company is not critical of the Staff for this approach), the Staff's normal approach is to take the time and effort needed to accurately calculate figures in any case. The same approach should be employed here.

4. Even more importantly here is that the Staff is mistaken to the extent it believes the correct calculation is a complex one. Indeed, all that needs to be done is to follow the exact same approach already followed for the 2013 program year (which is not at issue in this case) and that was followed for the 2014 program year, as we explain below.

5. As the Staff is well aware, the Company knows on a month-by-month basis which measures have been installed. The MWh savings from those measures is determined by evaluation, measurement and verification ("EM&V"). After each program year, the DSMore model (with which Staff is also quite familiar) is run by the EM&V contractors. In addition to the measures that were installed, an input to that model are the applicable avoided cost estimates (other inputs include programs costs, etc.). The model output then tells us what the *lifetime* (i.e., over 20 years) net benefits for each measure are. The applicable performance incentive percentage is then applied to those net benefits to calculate the performance incentive in dollars. The calculation is straightforward.

6. Contrary to the suggestion in the Staff's response, determining the net benefits (and ultimately the performance incentive) for 2014 using avoided cost estimates (those used in the original MEEIA filing) for January to September 2014, and updated avoided cost estimates (those from the 2014 IRP) for October to December, is not a difficult or complex exercise at all. To the extent the Staff believes that lifetime net benefits need to be parsed (which would inherently

complicate the calculation), the Staff is mistaken. Instead, lifetime net benefits for measures installed prior to October 1, 2014 would be based on the pre-October 1, 2014 avoided cost estimates, and lifetime net benefits for measures installed after that date would use the updated avoided cost estimates after that date. More specifically, all that has to be done is input the older avoided cost estimates into DSMore (along with the measures installed from January to September), to produce lifetime net benefits for measures installed during those nine months, and to run DSMore again using the updated avoided cost estimates (along with the measures installed from October to December), to produce lifetime net benefits for measures installed during those three months. The two lifetime net benefit figures are then added together with that sum to be multiplied by the applicable performance incentive percentage. That's all that needs to be done and it is not difficult to do it. All of the data needed to do this is kept month-by-month, changing the inputs is simple, the model simply outputs the results and to add two numbers together and to multiply that sum by a percentage is easy.

7. The Staff's response also suggests that the dollars involved aren't worth the effort. While the Company does not yet have the exact figure, the methodology being used in the model (since the only data changing are the avoided cost estimates) is simple, and a good estimate of the result can be obtained without running the model. The Company estimates that its performance award for the 2014 program year will be approximately $3 million more if the updated avoided cost estimates are only applied to MWh savings for measures installed on or after October 1, 2014. It is certainly fair, and worth it, to make the two DSMore runs and perform the simple arithmetic needed to get the right number. The proper calculations can be done now, and will not have to be repeated. There is no good reason whatsoever not to do them, that is, if rehearing is not granted. The issue is moot if rehearing is granted.

WHEREFORE, the Company renews its request for rehearing, but if rehearing is not granted, requests that the Order be clarified so that the calculation of the performance incentive for program year 2014 shall be performed as outlined herein.[1]

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Dated: December 31, 2015

[1] The clarification order could direct the Company to have its EM&V contractors perform the two required DSMore runs and that workpapers for those runs and for the final calculations be provided to the other parties for verification.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have on this 31st day of December, 2015, served the foregoing document and its attachment either by electronic mail, or by U. S. Mail, postage prepaid addressed to all parties of record.

/s/ James B. Lowery
James B. Lowery