

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

In the Matter of Union Electric Company d/b/a Ameren)
Missouri's Tariff Filing to Implement Changes to the) File No. GT-2011-0410
Energy Efficient Natural Gas Equipment and Building) Tariff No. JG-2011-0620
Shell Measure Rebate Program.)

POSITION STATEMENTS OF AMEREN MISSOURI

COMES NOW Union Electric Company d/b/a Ameren Missouri (Ameren Missouri or Company), and provides the following as its Statements of Position:

- I. Is Ameren Missouri's tariff filing in this case consistent with the Stipulation and Agreement in GR-2010-0363?
 - a. Was there a change of circumstances as that phrase is used in the Stipulation and Agreement in ¶ 6G? If so, does the change warrant the removal of thirteen (13) residential and seven (7) general service measures from the energy efficiency program?

Yes, there was a change of circumstances. As part of the process to prudently run an energy efficiency program, Ameren Missouri reviewed its Total Resource Cost (TRC) analysis (cost effectiveness) because it obtained additional information which changed the inputs for its TRC calculations at the measure and program level. Additionally, TRCs had not been calculated for all measures, so Ameren Missouri undertook that effort at the same time. The results of that work revealed some measures were not cost-effective, which also negatively impacts the program cost-effectiveness. This caused the Company to start the advisory review process with the Energy Efficiency Advisory Group (EEAG) and act to remove non-cost effective measures.

This action protects the Company's customers from funding energy efficiency programs which are not cost-effective and was the prudent course of action for Ameren Missouri to follow.

- b. Was the evaluation performed by Ameren Missouri in this case done at an appropriate time pursuant to the Stipulation and Agreement in this case?

Ameren Missouri has not done an evaluation nor does it claim to have completed an evaluation. To be clear, Ameren Missouri interprets the word "evaluation" as the work done after a program year(s) have been completed and, in this case, done by an outside contractor rather than work

done by the Company itself. The work Ameren Missouri did was to update its TRC calculations mid-program year, because of the additional information discussed in sub-a above.

- c. Does the proposed removal of these measures conflict with the terms of the Stipulation and Agreement that requires “uninterrupted availability of these energy efficiency programs through December 31, 2012,” as required by ¶ 6G of the Stipulation and Agreement?

No. The Stipulation uses the word “program” which has a different meaning than the word “measure.” Ameren Missouri is still offering its residential and commercial natural gas energy efficiency programs; it is merely modifying the measures that make up the programs. The programs themselves are uninterrupted.

- d. Did Ameren Missouri comply with ¶ 6G of the Stipulation and Agreement to circulate proposed tariff sheets for review and comment by the EEAG prior to filing the proposed changes with the Commission?

Yes. In fact, the Company circulated two versions of the tariff prior to filing. Additionally, an email was sent on June 8, 2011 prior to filing to inform the EEAG members of the final changes, which were made in response to comments from one EEAG member.

- e. How should “cost-effectiveness” as used in ¶6B of the Stipulation and Agreement be interpreted?

- i. Should the TRC be the method used to determine cost-effectiveness under this Stipulation and Agreement?

Yes. The TRC estimates the net benefit of an energy efficiency measure, program, and portfolio to both customers and Ameren Missouri. In the energy efficiency portfolio design process the TRC should be applied first to screen individual natural gas measures, such as an efficient natural gas furnace, for cost effectiveness, second to screen all measures bundled into programs at the program level (after considering all utility administrative costs) for cost effectiveness, and third to screen all programs bundled together at the portfolio level (after considering all portfolio administrative costs such as portfolio level marketing, customer information and education, and evaluation, measurement and verification) for cost effectiveness. The TRC test should also be applied during program operation, when significant input changes are obtained, and after program evaluation, measurement and verification is completed by a third party.

ii. Was Ameren Missouri's implementation of the TRC proper?

Yes. Ameren Missouri's recalculation of the TRC incorporated updated cost information from Ameren Illinois' implementation contractor in a manner congruent with nationwide best practices. This is the consistent with the process used for the Ameren Missouri electric energy efficiency programs.

iii. Is the relevant cost effectiveness test defined in Commission Rule 4 CSR 240-14.010(6)(D)?

Not entirely. First, Ameren Missouri does not believe the Commission desires to adopt a standard which ignores the cost to the Company's customers as an appropriate measure of "cost-effective." The Commission has not adopted this approach for electric energy efficiency programs and there is no reason to treat natural gas energy efficiency measures any different. Additionally, the Commission's Promotional Practices rules (4 CSR 240-14.030(1)) contain a requirement that any promotional practice be "reasonably calculated to benefit both the utility and its customers."

II. Should the Commission adopt a definition of general applicability of "cost-effectiveness" in this case? If yes, should the test apply to all Missouri gas utilities?

No, the Company is not asking this Commission to adopt a definition of general applicability of "cost-effectiveness," nor would it be appropriate for the Commission to do so in this case. The Commission's decision in this case should be limited to Ameren Missouri's natural gas energy efficiency portfolio and how cost-effectiveness is to be determined for those programs and measures.

III. Should the Commission find that there is a need to specify how cost effectiveness will be determined for gas utilities in Missouri and state its intention to address this issue and other related energy efficiency issues associated with gas energy efficiency programs in a new Commission rulemaking?

A rulemaking is not necessary at this point and would only add more delay and uncertainty into the Company's natural gas energy efficiency portfolio, as a rulemaking and the accompanying workshops would likely take close to a year. This case is about a difference of opinion between Ameren Missouri and the parties about how to interpret portions of a Stipulation. That Stipulation (and its interpretation) is not binding upon the other natural gas utilities in Missouri.

- IV. Should the Commission take factors other than measure level cost effectiveness tests into account when determining what measures should be included in programs like the home energy audit program included in Ameren Missouri's tariffs?

The Company believes the program level TRC should be the driving cost effectiveness test. At times, there could be cases when it is appropriate to implement programs or measures with a TRC of less than one (programs or measures targeting low income, etc.)

- V. Is this new tariff in the public interest?

Yes. The modified tariff helps to ensure our customers energy efficiency funds are spent prudently, that is, upon programs that are cost-effective and beneficial to both the Company and to its customers.

Respectfully submitted,

UNION ELECTRIC COMPANY,
d/b/a Ameren Missouri

/s/ Wendy K. Tatro

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CERTIFICATE OF SERVICE

The undersigned certifies that true and correct copies of the foregoing have been e-mailed or mailed, via first-class United States Mail, postage pre-paid, to the service list of record this 26th day of September, 2011.

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