The Commission must approve a cost recovery mechanism in this case or the Company will be unable to continue its strong investment in DSM programs. Specifically, DSM costs incurred after December 31, 2010 should be amortized over six years, consistent with previous Commission orders. In addition, the Commission should approve the billing unit adjustment mechanism proposed by Company witness Bill Davis. This is the only mechanism which has the ability to offset the throughput disincentive. Removing the throughput disincentive is the key to providing Company management the ability to increase the Company's investment in energy efficiency programs. Billing determinants should be reduced by 255,285 MWh for the residential class and by 226,489 MWh for the business classes. The Net Based Fuel Cost (NBFC) calculation is not impacted by the proposed billing unit adjustment.

C. Should a portion of the low income weatherization program funds be utilized to engage an independent third party to evaluate the program?

The Department of Natural Resources (DNR) should set aside a portion of the low income weatherization programs funds to engage an independent third party to evaluate the program and those results should be reported back to Ameren Missouri, the Commission Staff and the OPC. Ameren Missouri has been funding this program and using DNR as the administrator for several years and a process evaluation has not been completed. A process evaluation assesses the effectiveness of the program implementation processes and would be an appropriate use of a portion of the funds which Ameren Missouri provides to DNR each year.

5. Taum Sauk: What amount, if any, of Ameren Missouri's investment related to the reconstruction of Taum Sauk should be included in rate base for ratemaking purposes?

Ameren Missouri proposes to include in rate base approximately $90 million of the approximately $498 million in reconstruction costs for the upper reservoir of the Taum Sauk Plant. The amount proposed for inclusion in rate base is less than the value of enhancements to