

**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 Regulatory Changes in)
Furtherance of Energy Efficiency as)
Allowed by MEEIA)

File No. EO-2015-0055

NOTICE OF COMMUNICATION

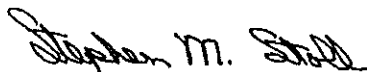
Issue Date: August 19, 2015

This notice is being filed on behalf of all the Commissioners at the Missouri Public Service Commission along with the attached letter from Roger D. Flanagan, Executive Director of Lockheed Martin Corporation, regarding the above captioned case.

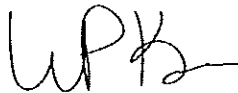
Respectfully Submitted,



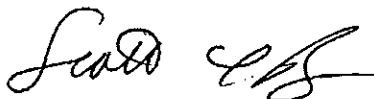
Daniel Y. Hall
Chairman



Stephen M. Stoll
Commissioner



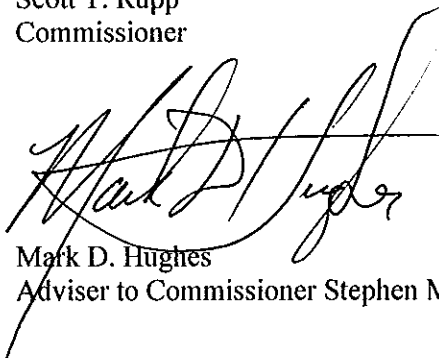
William P. Kenney
Commissioner



Scott T. Rupp
Commissioner



Maida J. Coleman
Commissioner



Mark D. Hughes
Adviser to Commissioner Stephen M. Stoll

Dated at Jefferson City, Missouri
On this 19th day of August, 2015

Lockheed Martin Corporation
9231 Corporate Blvd., 4th Floor, Rockville, MD 20850



Roger D. Flanagan, Ph.D.
Executive Director, LM Energy

August 18, 2015

Missouri Public Service Commission
200 Madison Street, PO Box 360
Jefferson City, MO 65102-0360
Phone: 1-573-751-3234

Attention: Daniel Y. Hall, Chairman
Stephen M. Stoll, Commissioner
William P. Kenney, Commissioner
Scott T. Rupp, Commissioner
Maida J. Coleman, Commissioner

Case No. EO-2015-0055

Dear Missouri Public Service Chairman and Commissioners:

Lockheed Martin Energy has more than 20 years of experience delivering program design and implementation services for major utilities in the U.S. This experience has provided us with a sincere appreciation for the dynamics of designing an Energy Efficiency Program (EEP) that meets regulatory objectives while ensuring alignment between customers and the utility. Through our interactions within the Ameren Missouri service territory, we have gained an intimate understanding of the energy efficiency motivators associated with commercial & industrial customers and Trade Allies. Given our experience and the potential impacts of the pending stipulation options, we would like to recommend the commission consider our experience regarding the MEEIA 2016-18 program filing.

After review and consideration of the 2013-2015 program design, the pending program design for MEEIA 2016-18, and stakeholder comments and suggestions, we believe that Ameren Missouri's most recent Non-Unanimous Stipulation and Agreement filed on June 30, 2015 is the most viable option for Ameren Missouri customers. Successful engagement occurs when a customer reaches confidence in their ability to understand EEP benefits and receive financial incentives which results in a culture for energy efficiency. The current program design has achieved and maintained this confidence effectively and will continue to do so through continuous evolution as outlined in the Stipulation and Agreement filed by Ameren Missouri.

Given our broad experience implementing energy efficiency programs throughout the country, the Ameren Missouri program stands out as a well-aligned program. The successful achievement of program objectives has been made possible through the alignment of approved filing, consumer engagement, trade ally integration, evaluation input, and utility oversight. The current EEP has been able to accomplish all of this while also maintaining low free-ridership scores, extraordinary cost-effectiveness, and sustained customer satisfaction.

Our research and experience indicates that energy efficiency programs continue to mature and evolve by optimizing current delivery models. In order to avoid delay, loss of momentum and unnecessary cost

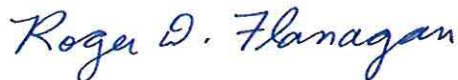
burden, we recommend optimizing the current Ameren Missouri program design as opposed to implementing new structures. We believe the macro-level structure of the current Ameren Missouri EEP is very effective and is evolving in a manner similar to many other programs that have achieved similar levels of maturity. We continue to escalate efforts in collecting feedback from the 330 trade ally network members in the form of open houses, surveys, events, and direct lines of communication. Their input is essential to maintaining alignment with market conditions. It is our experience that the most successful program designs provide the continuity to maintain participant confidence and the agility to implement change throughout the cycle. Sustaining the Ameren Missouri program implementation without stoppage will facilitate further integration with market partners and allow Missouri to continue to achieve energy efficiency objectives.

The more significant concerns, regarding opposing opinions, on the pending filing are the possibility of a program interruption and the creation of a state wide collaborative to advise program implementation. The interruption of an EEP results in a significant decline in program momentum due to decreased customer confidence and negative economic impacts. This effect was clearly illustrated in the Ameren Missouri territory during the 2011-2012 timeframe when efficiency programs were put on hold leading to reductions in force across the trade ally network and significant lost opportunity for energy efficiency across the service territory. Missouri contractors, distributors, and vendors have significantly aligned their businesses with these programs in the form of inventory levels, staffing, and developing target markets. Incurring a program delay or changing to a demand (kW) based incentive program rather than a consumption (kWh) based one will put a significant burden on our Missouri market partners in the form of increased costs, staff reductions, shifts in inventory or strategy, or exodus to other markets where better aligned energy efficiency programs exist. Initiation of a state-wide collaborative has the potential to reduce or eliminate program agility. As an implementer of efficiency programs in the state of Indiana we have experienced implementation under both state wide collaborative and investor owned utility (IOU) governance. Our experience and the dissolution of the Indiana state run efficiency initiative are both indicators of the advantages to the IOU governed model. There are many proven formal and informal methods to gather input on program and process design to ensure everyone has a voice without the burden of state-wide collaborative approach.

We recommend that the Ameren Missouri filing be approved expeditiously as further delays will put program continuity at greater risk.

Respectfully submitted for consideration.

Sincerely,



Roger D. Flanagan, Ph.D.
Executive Director, LM Energy
Lockheed Martin Corporation