

**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) File No. EO-2015-0055
Furtherance of Energy Efficiency as)
Allowed by MEEIA)

POSITION STATEMENT OF AMEREN MISSOURI

In accordance with the Commission's March 21, 2018, *Order Granting Second Joint Motion to Modify Procedural Schedule*, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) submits the following *Position Statement*:

LIST OF ISSUES

A. Is the Company’s Flex Pay Pilot Program (“Pilot”) an energy efficiency program under the Commission’s rules, and should the Commission approve or reject the Pilot?

POSITION: Ameren Missouri’s proposed Pilot is an energy efficiency program under the Commission’s rules and should be approved.

The Missouri Energy Efficiency Investment Act (“MEEIA”) authorizes the Commission to approve demand-side programs whose goal is to achieve cost-effective demand-side energy savings. The MEEIA statute – Section 393.1075 RSMo, defines “demand-side program” as any program conducted by a utility to modify energy consumption on the retail side of a customer’s electric meter. The Company’s proposed Pilot is a voluntary energy efficiency program designed to reduce customers’ energy consumption through behavioral modification, which is achieved by combining electric service prepayments with comprehensive information regarding energy consumption and conservation. This includes information about the unused prepayment balance

in each participating customer's account and their daily and total energy usage. This combination allows consumers to make informed decisions regarding their energy consumption and expenditures based on their individual needs and preferences.

Similar prepayment programs in other states have shown customers can achieve significant energy savings. The Pilot would allow Ameren Missouri to determine if similar savings can be achieved in Missouri, and would produce data useful to the Commission, the Company, and stakeholders interested in current and future energy conservation programs.

Participation in the Pilot is voluntary, and customers who elect to participate may exit the Pilot at any time without penalty. The program also provides safeguards to ensure service disconnections for non-payment occur in a manner that meets or exceeds the requirements of Chapter 13 of the Commission's rules. In addition, participation incentives and enhanced disconnection of service protections are provided to low-income customers to incentivize their participation in the Pilot.

Ameren Missouri witnesses William R. Davis and Dr. Jay Zarnikau address these topics in their testimonies.

B. How should a cost effectiveness test be calculated and applied?

POSITION: When looking at Ameren Missouri's entire MEEIA 2 energy efficiency portfolio, of which the Pilot is a small part, the portfolio remains cost-effective. Additionally, when examined from the perspective of a fully implemented program, Flex Pay satisfies the legal requirements for cost-effectiveness. It is not appropriate, however, to look at the proposed Pilot in an isolated manner.

The proposed Pilot does pass the cost-effectiveness test on its own when examined in a long-term analysis similar to that which would be done for a similar, full-blown program in a new MEEIA cycle application. However, the Pilot in isolation is a program of limited size – no more

than 1,000 total customers, including no more than 250 low-income customers – and is also of limited duration – the Pilot will run for only 27 months. These limitations, combined with the significant investment necessary to provide customer information critical to the Pilot’s success, make it unlikely the Pilot would, on a stand-alone basis, satisfy the cost-effectiveness tests prescribed by a restrictive interpretation of the statute and the Commission’s rules. But a restrictive interpretation is not what appears to be required or anticipated in the Commission's rules implementing the statute. The Commission, in 4 CSR 240-20.094(6)(B), the Commission clearly anticipated the importance of the long-term cost effectiveness of a program in allowing the continuance of programs that are not cost-effective in the near term to continue.¹

Pilot programs generally are smaller-scale, limited programs designed specifically for the purpose of gathering additional information for a larger program. To prohibit the implementation of a pilot based on an overly restrictive reading of the law undermines the intent behind allowing pilots in the first place. Pilot programs are generally implemented on a smaller scale so that a representative sampling can be studied to, at least in part, confirm whether the program would be cost effective on a larger scale. Requiring a pilot to be cost-effective in isolation of the larger program, then, would mean pilots would rarely, if ever, be approved. Statutes and regulations should not be read in a manner that requires this type of inherent conflict.

Mr. Davis addresses this in his testimony.

C. How should the Commission define a low-income customer for purposes of the Company’s proposed Pilot?

POSITION: For purposes of the Pilot, low-income customers are defined as those residential customers eligible for the low-income exemption provided by Section 393.1075.6,

¹ 4 CSR 240-20.094(6)(B) states that, "Nothing herein requires utilities to end any demand-side program which is subject to a cost-effectiveness test deemed not cost-effective immediately."

RSMo. As approved by the Commission in File No. ER-2014-0258, such customers are exempt from the Company's Rider EEIC for twelve billing months following the receipt of assistance from LIHEAP, the Winter Energy Crisis Intervention Program, Ameren Missouri's Keeping Current Low-Income Summer Energy Crisis Intervention Program, and/or the Company's Keeping Cool Low-Income Pilot Project. No more than 250 low-income customers would be eligible to participate in the Pilot.²

Mr. Davis addresses this in his testimony.

D. Are there any alterations or conditions that should be applied to the Flex Pay Program if it is approved?

In their respective testimonies submitted in this matter, the Commission Staff ("Staff") and the Missouri Department of Economic Development – Division of Energy ("DE") suggested certain conditions should the Commission approve Ameren Missouri's Flex Pay Pilot. Ameren Missouri has accepted all four conditions suggested by Staff. Of the eight conditions proposed by DE, the Company has accepted the conditions to the extent it was able to do so within the stated parameters of the Pilot. Specifically, the Company noted that Conditions 3, 4, 7, and 8 were already fully considered in the Pilot's design, and have been further clarified in Mr. Davis's testimony. Conditions 2 and 5 only presented partial conflicts with the Pilot's design, but contained alternatives that otherwise appropriately address customer protections.³ Of the conditions

² No customer – low income or otherwise - who has been identified as using electric-dependent medical equipment at the service address will be eligible to participate.

³ Condition 2 only conflicted to the extent disconnection notices would be required to be within differing parameters, but the disconnection notices provided pursuant to the Pilot's design still provide extensive customer protections. Condition 5 provides for participant screening through live agent interactions at sign-up, although it may not be the exact screening method DE anticipates.

proposed by DE, only two fully and directly conflicted with the Pilot design and could not be accepted or at least partially addressed.⁴

No other conditions were proposed by the parties in anticipation of the Pilot's approval.

Mr. Davis addresses these conditions in more detail in his testimony.

Respectfully submitted,

/s/ Paula N. Johnson

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⁴ Conditions 1 and 6 could not be accepted because they directly contradicted Pilot design elements necessary to accomplish the stated learning objectives.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 18th day of April, 2018, to all counsel of record.

/s/ Paula N. Johnson