Exhibit No.:	
Issue:	*Performance Incentive*
Witness:	*John A. Rogers*
Sponsoring Party:	*MO PSC Staff*
Type of Exhibit:	*Direct Testimony*
Case No.:	*EO-2012-0142*
Date Testimony Prepared:	*October 4, 2016*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

ENERGY RESOURCES DEPARTMENT

DIRECT TESTIMONY

OF

JOHN A. ROGERS

UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

CASE NO. EO-2012-0142

Jefferson City, Missouri
October 2016

DIRECT TESTIMONY

OF

JOHN A. ROGERS

UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

CASE NO. EO-2012-0142

Q. Please state your name and business address.

A. My name is John A. Rogers, and my business address is Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

Q. What is your present position at the Missouri Public Service Commission ("Commission")?

A. I am a Utility Regulatory Manager in the Energy Resources Department of the Commission Staff Division ("Staff").

Q. Please state your educational background and experience.

A. These are contained in Schedule JAR-d1.

Q. Would you please summarize the purpose of your direct testimony?

A. The purpose of my direct testimony is to provide a record of evidence to support Commission approval of the *Non-Unanimous Stipulation and Agreement Addressing Ameren Missouri's Performance Incentive Award* ("Performance Incentive Stipulation") filed on September 2, 2016, by Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") and Staff. Schedule JAR-d2.

I identify the specific language contained in documents approved by the Commission in Case Nos. EO-2012-0142 and EC-2015-0315 which guides and controls the proper calculation of Ameren Missouri's Missouri Energy Efficiency Investment Act ("MEEIA")

Cycle 1 performance incentive amount. I discuss the process and work papers utilized by Ameren Missouri and reviewed by Staff which resulted in the proper calculation of Ameren Missouri's MEEIA Cycle 1 performance incentive amount included in the Performance Incentive Stipulation. Finally, I recommend approval of the Performance Incentive Stipulation.

Documents Which Guide Determination of the Cycle 1 Performance Incentive Amount

Q. Please identify the location of specific language contained in documents approved by the Commission in Case Nos. EO-2012-0142 and EC-2015-0315 which guides and controls the proper calculation of Ameren Missouri's MEEIA Cycle 1 performance incentive amount.

A. The language which guides and controls the proper calculation of Ameren Missouri's MEEIA Cycle 1 performance incentive amount is contained in:

1. The Shared Net Benefits section (pages 24 – 31) of the Ameren Missouri's *2013 – 2015 Energy Efficiency Plan*[1] ("Cycle 1 Plan") filed on January 20, 2012. Schedule JAR-d3;
2. Paragraph 5.b.ii. and Appendix B of the *Unanimous Stipulation and Agreement Resolving Ameren Missouri's MEEIA Filing*[2] ("2012 Stipulation") filed on July 5, 2012, and approved by the Commission on August 1, 2012, in its *Order Approving Unanimous Stipulation and Agreement Resolving Ameren Missouri's MEEIA Filing and Approving Stipulation and Agreement Between Ameren Missouri and Laclede Gas Company*.[3] Schedule JAR-d4;

[1] Item No. 3 in Case No. EO-2012-0142.
[2] Item No. 119 in Case No. EO-2012-0142.
[3] Item No. 127 in Case No. EO-2012-0142.

3. Paragraphs 11 and 12(a) of the *Second Non-Unanimous Stipulation and Agreement Settling the Program Year 2013 Change Requests*[4] ("Second Stipulation") filed on February 11, 2015, and approved by the Commission in its February 25, 2015, *Order Approving Second Stipulation and Agreement Settling the Program Year 2013 Change Requests*.[5] Schedule JAR-d5; and
4. Commission's *Order Regarding Requests for Rehearing and Clarification*[6] ("Order Regarding Clarification") issued on January 20, 2016 in Case No. EC-2015-0315. Schedule JAR-d6.

<u>Cycle 1 Plan earnings opportunity component of performance incentive mechanism</u>

Q. Referring to Schedule JAR-d3, please summarize the earnings opportunity component of the performance incentive mechanism proposed by Ameren Missouri in its Cycle 1 Plan.

A. For the Cycle 1 Plan, the net benefits for the throughput disincentive and the earning opportunity components of the performance incentive are both based on the utility cost perspective, which is consistent with the MEEIA rules and synonymous with the utility cost test[7] ("UCT"). Figure 2.4 of the Cycle 1 Plan shows the calculation of UCT Net Benefits used as the amount to be shared, which is based on the present value of the lifetime effects of the proposed three-year plan.[8]

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[4] Item No. 286 in Case No. EO-2012-0142.
[5] Item No. 290 in Case No. EO-2012-0142.
[6] Item No. 61 in Case No. EC-2015-0315.
[7] Table 1.3 on page 11 of the Cycle 1 Plan illustrates that the UCT costs include only program administration cost and customer rebates. Also, 4 CSR 240-3.164(1)(Y) Utility cost test means the test that compares the avoided utility costs to the sum of all utility incentive payments, plus utility costs to administer, deliver, and evaluate each demand-side program to quantify the net savings obtained by substituting the demand-side program for supply-side resources.
[8] Cycle 1 Plan, page 25, lines 6 – 11.

Figure 2.4 Net Benefits Calculation

Avoided Energy Costs	$370.3M
Avoided Capacity Costs	$91.2M
Avoided T&D Costs	$37.1M
Total Avoided Costs	**$498.6M**
Utility Program Costs	**$134.3M**
Net Benefits	**$364.3M**

Figure 2.6 of the Cycle 1 Plan depicts the initial proposed performance incentive mechanism for an after-tax earning opportunity[9] which is further explained in the Cycle 1 Plan:

> To limit the initial rate impact of the proposed plan, Ameren Missouri is proposing that only 15.4% of the 20.2% be included in rates in the Company's upcoming rate case. Doing so allows the Company to be made whole for immediate financial penalties that would otherwise be incurred. *Once the three year performance goals are met in 2015, the Company will request the remaining sharing based on performance (additional sharing of 4.8% at the target level) be included in rate base and amortized over three years.* The combination of calculating the final sharing amounts in 2015 dollars and including the amount in rate base effectively accounts for the time value of money for the delayed recovery.[10] [*Emphasis added*.]

The MWh energy savings target in the Cycle 1 Plan is 793,100 MWh[11] based on an assumed opt-out rate of 20%[12], and the final MWh energy savings target shall be adjusted based on final opt-out estimates.[13] For both the throughput disincentive and the performance incentive components of the Cycle 1 Plan, all energy savings for installed demand-side

[9] Cycle 1 Plan, page 33, lines 10 – 13.
[10] Cycle 1 Plan, page 29, lines 9 - 17.
[11] Cycle 1 Plan, page 10, line 15 and page 38, line 14.
[12] Cycle 1 Plan, page 39, line 6.
[13] Cycle 1 Plan, Table 2.12, page 38, line 12.

measures will be the deemed energy savings[14] contained in the proposed technical resource manual ("TRM").[15]

How the 2012 Stipulation modified the Cycle 1 Plan

Q. Referring to Schedule JAR-d4, please summarize how the 2012 Stipulation modified[16] the earnings opportunity component of the performance incentive mechanism in the Cycle 1 Plan.

A. The 2012 Stipulation provides the following directives for modifying the earnings opportunity component of the performance incentive mechanism in the Cycle 1 Plan:

1. The 2012 Stipulation modified the term "earning opportunity component of the performance incentive mechanism" used in the Cycle 1 Plan to "performance incentive" in the 2012 Stipulation;
2. The process to update the initial 793,100 MWh energy savings target as a result of actual opt-out customers is defined in footnotes 6 and 7 and Appendix B of the 2012 Stipulation;
3. Actual net MWh energy savings for each program year will be determined through final Evaluation, Measurement and Verification ("EM&V") results (with EM&V to be performed after each of the program years 1, 2, and 3), including full retrospective application of net-to-gross ("NTG") ratios at the program level;

[14] Cycle 1 Plan, page 38, lines 10 - 11.
[15] Cycle 1 Plan, Appendix A.
[16] Paragraph 4 of the 2012 Stipulation: Subject to the terms and conditions contained herein, the Signatories agree that Ameren Missouri's demand-side program plan should be approved. For purposes of this Stipulation, Ameren Missouri's three-year demand-side program plan (the "Plan") consists of the 11 demand-side programs ("MEEIA Programs") described in Ameren Missouri's January 20, 2012 MEEIA Report, the demand-side programs investment mechanism ("DSIM") described in the MEEIA Report, modified to reflect the terms and conditions herein, and the Technical Resource Manual ("TRM") attached as Appendix A to the surrebuttal testimony of Ameren Missouri witness Richard A. Voytas.

4. Appendix B of the 2012 Stipulation redefines the performance incentive mechanism as pre-tax revenue earned based upon a percent of UCT net benefits determined through EM&V; the percentages are interpolated linearly between the performance levels in the table at the top of Appendix B; and
5. Appendix B provides examples for:
    a. Calculation of the Cycle 1 performance incentive amount (of $18.14 million) as a result of 793,102 MWh energy savings and $360,780,000 UCT net benefits;
    b. Calculation of the 2-year annuity of $9.375 million and the residential, business, and low-income rates to recover the performance incentive amount over 24-months; and
    c. Calculation of the adjusted Cycle 1 MWh energy savings target if the actual customer opt-out rate for Cycle 1 is 15%.

Q. Does the 2012 Stipulation modify the use of the UCT net benefits for determination of the Cycle 1 performance incentive amount?

A. No.

Q. Who are the Signatories to the 2012 Stipulation?

A. Ameren Missouri, Staff, the Office of the Public Counsel ("OPC"), the Missouri Department of Natural Resources,[17] the Natural Resources Defense Council, Sierra Club, Earth Island Institute d/b/a Renew Missouri, the Missouri Industrial Energy Consumers, and Barnes-Jewish Hospital. While Laclede Gas Company did not participate in the settlement discussion that resulted in the 2012 Stipulation, it did not object and waived

[17] This is the Division of Energy which is currently a part of the Missouri Department of Economic Development.

its right to object under the Commission's rules. Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company indicated that they did not oppose the 2012 Stipulation. Consequently, the 2012 Stipulation was treated as unanimous under the Commission's Rule 4 CSR 240-2.115(2)(B) and (C) and approved by the Commission on December 11, 2012.

How the Second Stipulation modified the 2012 Stipulation

Q. Referring to Schedule JAR-d5, please summarize how the Second Stipulation modified the performance incentive mechanism in the 2012 Stipulation.

A. In paragraph 11 of the Second Stipulation, the signatories agreed that Program Year 2013 (“PY 2013”) portfolio-wide annual MWh energy savings is 347,360 MWh and annual net shared benefits amount is $123,646,681.

In paragraph 12 of the Second Stipulation, the signatories agreed to a process change with respect to EM&V annual MWh energy savings and annual net shared benefits for Program Year 2014 (“PY 2014”) and Program Year 2015 (“PY 2015”), specifically:

> (a) In each individual year (PY 2014 and PY 2015), the final evaluator and auditor portfolio-wide energy savings Net-To-Gross ratios (“NTG”) shall be averaged for the respective program year. If the portfolio-wide averaged energy savings NTG is between 0.9 and 1.1, then the agreed to NTG will be deemed to 1.0, and the portfolio-wide program year net annual energy savings and annual net shared benefits will be calculated consistent with a portfolio-wide NTG of 1.0 for the evaluators’ program year final EM&V reports.
>
> (b) If the final evaluator and auditor averaged savings calculations result in a portfolio-wide average energy savings NTG lower than 0.9 or higher than 1.1, the parties are free to file change requests, initiate litigation or otherwise contest the program year EM&V results in a manner consistent with Paragraph 11. b. iv. of the 2012 Stipulation.

Q. Does the Second Stipulation modify the use of the UCT net benefits for determination of the Cycle 1 performance incentive amount?

A. No.

Q. Who are the Signatories to the Second Stipulation?

A. The signatories to the Second Stipulation are Ameren Missouri, Staff and OPC.

<u>How the Order Regarding Clarification modified EM&V for PY 2014 and PY 2015</u>

Q. Referring to Schedule JAR-d6, please summarize how the Order Regarding Clarification impacts the EM&V calculation of UCT benefits for PY 2014 and PY 2015.

A. Through its January 20, 2016, Order Regarding Clarification, the Commission clarified that the avoided costs from Ameren Missouri's October 1, 2014 Chapter 22 Electric Utility Resource Planning triennial compliance filing (in Case No.EO-2015-0084) are not to be used except for demand-side measures installed on and after October 1, 2014.

Q. Does the Order Regarding Clarification modify the use of the UCT net benefits for determination of the Cycle 1 performance incentive amount?

A. No.

Q. How did Ameren Missouri respond to the Order Regarding Clarification?

A. On May 16, 2016, Ameren Missouri filed its *2015 EM&V Reports*, and on July 29, 2016, Ameren Missouri filed its *2014 Residential Portfolio Summary Report And Amended Bi[z]Savers Program Utility Cost Test Results*[18] in compliance with the Order Regarding Clarification.

[18] Item No. 321 in Case No. EO-2012-0142.

Q. Did any party object to Ameren Missouri's *2015 EM&V Reports* or to Ameren Missouri's *2014 Residential Portfolio Summary Report And Amended Bi[z]Savers Program Utility Cost Test Results*?

A. No.

<u>Calculation of PY 2014 and PY 2015 Annual Energy Savings and Annual Net Shared Benefits for the Cycle 1 Performance Incentive</u>

Q. Why was it necessary for Ameren Missouri and Staff to engage in settlement discussions which resulted in the Performance Incentive Stipulation?

A. During July 2016, Staff and Ameren Missouri independently reviewed language in the Cycle 1 Plan, 2012 Stipulation, Second Stipulation, and Order Regarding Clarification which guides and controls the proper calculation of Ameren Missouri's Cycle 1 performance incentive amount. Staff and Ameren Missouri independently reached the same conclusion.

The Evaluators' and Auditor's final EM&V reports for PY 2014[19] and PY 2015[20] contain portfolio-wide NTG values and the ex-post gross[21] annual MWh energy savings to be used in determination of the Cycle 1 performance incentive amount. However, these same final EM&V reports do <u>not</u> contain the PY 2014 and PY 2015 annual UCT benefits at a portfolio-wide NTG = 1.0, which are needed for determination of the Cycle 1 performance incentive amount. Further, there was no precedence or agreed-upon procedure for obtaining the amount of annual UCT benefits at NTG = 1.0 from the available EM&V final reports and work papers. Thus, Ameren Missouri and Staff agreed to work together on a solution which ultimately resulted in the Performance Incentive Stipulation.

[19] Item Nos. 294, 297 and 321 in Case No. EO-2012-0142.
[20] Item Nos. 318, 319, 320, 325 and 331 in Case No. EO-2012-0142.
[21] Ex-post gross annual energy savings are the same as annual energy savings at a portfolio-wide NTG = 1.0.

Q. Please describe the process utilized by Ameren Missouri and reviewed by Staff to properly calculate annual benefits at a portfolio-wide NTG = 1.0, which is needed for determination of the Cycle 1 performance incentive amount.

A. Staff and Ameren Missouri agreed that the Evaluators' DSMore® models for PY 2014 and for PY 2015 included the impacts of free-riders, spillover, and market effects when calculating annual UCT benefits,[22] and that it would be necessary to re-run the Evaluators' DSMore® models to entirely remove the impacts of free-riders, spillover, and market effects to produce the annual UCT benefits at a portfolio-wide NTG = 1.0.

It took Ameren Missouri approximately two (2) weeks to rerun the DSMore models and to provide to Staff 1) three diskettes of demand-side programs data with the Evaluators' DSMore® models for PY 2014 and for PY 2015 which had calculated annual UCT benefits including the impacts of free-riders, spillover, and market effects, and 2) three additional diskettes of demand-side programs data with Evaluators' DSMore® models for PY2014 and PY 2015 with the impacts of free-riders, spillover, and market effects entirely removed. The three additional diskettes of data with the impacts of free-riders, spillover, and market effects entirely removed provided 1) annual UCT benefits at a portfolio-wide NTG = 1.0 for PY 2014 of $195,924,278[23] in 2013 dollars and 2) annual UCT benefits at a portfolio-side NTG = 1.0 for PY 2015 of $225,584,885[24] in 2013 dollars.

Over the course of approximately one week in late August, Staff reviewed the six diskettes of data and held several phone conferences with Ameren Missouri prior to Staff making its determination that the PY 2014 and PY 2015 annual UCT benefits at a

[22] The Evaluators and Auditor portfolio NTG for PY 2014 is equal to 95.77% and for PY 2015 is equal to 99.96.
[23] Page 1 of 2 of Appendix A of the Performance Incentive Stipulation.
[24] Page 2 of 2 of Appendix A of the Performance Incentive Stipulation.

portfolio-wide NTG = 1.0 had been calculated in compliance with the Cycle 1 Plan, the 2012 Stipulation, the Second Stipulation, and the Order Regarding Clarification.

<u>Calculation of Performance Incentive Amount</u>

Q. Please identify the summary work paper for the Cycle 1 performance incentive amount.

A. Appendix B of the Performance Incentive Stipulation is the summary work paper for the Cycle 1 performance incentive amount.

Q. Please discuss how actual opt-out customers during PY 2013, PY 2014, and PY 2015 impact the Cycle 1 MWh energy savings target.

A. Section A of Appendix B provides the summary calculation to modify the Cycle 1 MWh energy savings target from 793,102 MWh to 821,303 MWh as a result of the actual annual opt-out for business customers of 8.93% in PY 2013, 12.79% in PY 2014, and 13.65% in PY 2015. A more detailed discussion of the purpose, process, and approval of the *2013 – 2015 Ameren Missouri Energy Efficiency MWh Goal Adjustment for Opt-Out Customers*[25] was filed by Ameren Missouri in Case No. EO-2012-0142 on February 22, 2016. Schedule JAR-d8.

Q. What are the Cycle 1 UCT net benefits as a result of the Cycle 1 Plan, 2012 Stipulation, Second Stipulation, and Order Regarding Clarification?

A. Section B of Appendix B of the Performance Incentive Stipulation contains the PY 2013, PY 2014, PY 2015, and 3-year cumulative results for MWh savings, total UCT benefits (in 2013$), program costs (in 2013$), and net UCT benefits (in 2013$). The Cycle 1 3-year cumulative net UCT benefits amount is $454,304,788.

[25] Item No. 316 in Case No. EO-2012-0142.

Q. What is the percentage of Cycle 1 UCT net benefits used to determine Ameren Missouri's Cycle 1 performance incentive amount?

A. Section C of Appendix B of the Performance Incentive Stipulation provides the calculation used to determine a sharing percentage of 6.19%.

Q. What are the 2-year annuity and the Cycle 1 performance incentive amounts?

A. Section C of Appendix B of the Performance Incentive Stipulation provides the summary work paper, which includes the annual 2-year annuity amount of $14,532,934.69 and the Cycle 1 performance incentive amount of $29,065,869.38.

Q. Why does paragraph 13 of the Performance Incentive Stipulation specify that $15,164,801.42 and $13,901,067.96 performance incentive amounts will be included in the November 2016 and November 2017 Rider Energy Efficiency Investment Charge ("EEIC")[26] adjustment filings, respectively, rather than including the 2-year annuity amount of $14,532,934.69?

A. Paragraph 7 of the 2012 Stipulation includes:

> 7. If a rider is utilized in lieu of recovery/true up for the items reflected in paragraphs 5 and 6 above, it shall provide for rate adjustments outside general rate proceedings. *The rider will be designed so that sums to be billed/returned via the rider will be billed/returned within two years of the annual period in which the sums being recovered under the rider were recognized in Ameren Missouri's financial statements prepared in accordance with Generally Accepted Accounting Principles.* [*Emphasis added*]

Union Electric Company MO. P.S.C. Schedule No. 6, 1st Revised Sheet No. 90.3 includes:

[26]Rider EEIC for Cycle 1 and Rider EEIC for Cycle 2 are included as Schedule JAR-d7.

> PI = Performance Incentive is equal to the Performance Incentive Award monthly amortization multiplied by the number of billing months in the applicable EP.[27]
>
> *The monthly amortization shall be determined by dividing the Performance Incentive Award by the number of available billing months between the first billing month of the first EEIR[28] filing after the determination of the Performance Incentive Award and 24 calendar months following the end of the annual period in which the Performance Incentive Award is determined.*
>
> The number of applicable billing months in the EP shall be the number of applicable billing months less the number of months including Performance Incentive Award amortization from previous EPs. [*Emphasis added*]

Assuming the Performance Incentive Stipulation is approved prior to Ameren Missouri's November 2016 Rider EEIC adjustment filing, the number of months between the first billing month of the first Energy Efficiency Investment Rate ("EEIR") filing after the determination of the Performance Incentive Award (February 2017) and 24 calendar months following the end of the annual period in which the Performance Incentive Award is determined (December 2018) is twenty-three (23) months. The monthly amortization amount is $1,263,733.45 (= $29,065,869.38 / 23). The November 2016 Rider EEIC performance incentive amount is $15,164,801.42 (= $1,263,733.45 X 12). The November 2017 Rider EEIC performance incentive amount is $13,901,067.96 (= $1,263,733.45 X 11).

[27] Effective Period ("EP") means the twelve (12) billing months beginning with the February billing month and ending with the January billing month. When an additional EEIC filing is made during a calendar year, the Effective Period for such a filing shall begin with the June or October billing month and end with the subsequent January billing month.
[28] Energy Efficiency Investment Rate on Union Electric Company, MO. P.S.C. Schedule No. 6, Original Sheet No. 91.3 and 1st Revised Sheet No. 91.11.

Staff's Recommendation Concerning Performance Incentive Stipulation

Q. Does Staff recommend approval of the Performance Incentive Stipulation?

A. Yes.

Q. Why?

A. Staff has carefully reviewed the documents which guide and control the steps for proper calculation of Ameren Missouri's Cycle 1 performance incentive amount as well as Ameren Missouri's detailed work papers used to calculate that amount. As a result of its review, Staff 1) determined that $29,065,869.38 included in paragraph 13 of the Performance Incentive Stipulation is the correct performance incentive amount to be paid to Ameren Missouri for its Cycle 1 performance incentive, and 2) decided to support the Performance Incentive Stipulation. Commission approval of the Performance Incentive Stipulation will authorize Ameren Missouri to collect its Cycle 1 performance incentive amount from its customers over a future 24-month period through the operation of its Rider EEIC.

Q. Do you have any further direct testimony?

A. No.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's Filing to Implement Regulatory Changes Furtherance of Energy Efficiency as Allowed by MEEIA	)))))	Case No. EO-2012-0142

AFFIDAVIT OF JOHN A. ROGERS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW JOHN A. ROGERS and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Direct Testimony; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

John A Rogers
JOHN A. ROGERS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 3rd day of October, 2016.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2016
Commission Number: 12412070

D Suzie Mankin
Notary Public

<u>Educational Background and Work Experience of John A. Rogers</u>

I have a Master of Business Administration degree from the University of San Diego and a Bachelor of Science degree in Engineering Science from the University of Notre Dame. My work experience includes 34 years in energy utility engineering, system operations, strategic planning, regulatory affairs, general management and management consulting. From 1974 to 1985, I was employed by San Diego Gas & Electric with responsibilities in gas engineering, gas system planning and gas operations. From 1985 to 2000, I was employed by Citizens Utilities primarily in leadership roles for gas operations in Arizona, Colorado and Louisiana. From 2000 to 2003, I was an executive consultant for Convergent Group (a division of Schlumberger) providing management consulting services to energy utilities. From 2004 to 2008, I was employed by Arkansas Western Gas and was responsible for strategic planning and resource planning. I have provided expert testimony before the California Public Utilities Commission, Arizona Corporation Commission, Arkansas Public Service Commission and Missouri Public Service Commission in general rate cases, applications for special projects, gas resource plan filings, electric resource plan filings, demand-side management programs and demand-side programs investment mechanism cases. I have been employed by the Missouri Public Service Commission since December 2008 and am responsible for the Commission Staff's review of and recommendations concerning electric utility resource planning, demand-side management programs, demand-side programs investment mechanisms, and fuel adjustment clauses.

John A. Rogers
Testimony, Reports and Rulemakings

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

File Number	Company	Issues
ER-2010-0036	Ameren Missouri	Fuel Adjustment Clause Demand-Side Programs (DSM) DSM Cost Recovery
EX-2010-0368 EW-2010-0254	Missouri Public Service Commission	Missouri Energy Efficiency Investment Act Rulemaking
EX-2010-0254 EW-2009-0412	Missouri Public Service Commission	Electric Utility Resource Planning Rulemaking
EO-2009-0237	KCP&L Greater Missouri Operations Company	Electric Utility Resource Planning Compliance Filing
ER-2009-0090	KCP&L Greater Missouri Operations Company	Fuel Adjustment Clause
ER-2010-0355	Kansas City Power and Light	DSM Cost Recovery Fuel Switching
ER-2010-0356	KCP&L Greater Missouri Operations Company	Fuel Adjustment Clause DSM Cost Recovery Fuel Switching
AO-2011-0035	All Electric Utilities	DSM Status Report
EO-2011-0066	Empire District Electric Company	Electric Utility Resource Planning Compliance Filing
ER-2011-0028	Ameren Missouri	DSM Cost Recovery
EO-2011-0271	Ameren Missouri	Electric Utility Resource Planning Compliance Filing
EO-2012-0009	KCP&L Greater Missouri Operations Company	Demand-side Programs Investment Mechanism
EO-2012-0142	Ameren Missouri	Demand-side Programs Investment Mechanism

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION (cont.)

File Number	Company	Issues
ER-2012-0166	Ameren Missouri	DSM Cost Recovery Demand-side Programs Investment Mechanism
ER-2012-0174	Kansas City Power & Light	DSM Cost Recovery
ER-2012-0175	KCP&L Greater Missouri Operations Company	DSM Cost Recovery Demand-side Programs Investment Mechanism
ER-2012-0345	Empire District Electric Co.	DSM Cost Recovery
EO-2012-0323	Kansas City Power & Light	Electric Utility Resource Planning Compliance Filing
EO-2012-0324	KCP&L Greater Missouri Operations Company	Electric Utility Resource Planning Compliance Filing
EO-2013-0537	Kansas City Power & Light	Electric Utility Resource Planning Annual Update
EO-2013-0538	KCP&L Greater Missouri Operations Company	Electric Utility Resource Planning Annual Update
EO-2013-0547	Empire District Electric Co.	Electric Utility Resource Planning Compliance Filing
EX-2014-0205	Dogwood Energy, LLC	Rulemaking Petition
EO-2014-0095	Kansas City Power & Light	Demand-side Programs Investment Mechanism
EO-2015-0084	Ameren Missouri	Electric Utility Resource Planning Compliance Filing
EO-2015-0254	Kansas City Power & Light	Electric Utility Resource Planning Compliance Filing
EO-2015-0252	KCP&L Greater Missouri Operations Company	Electric Utility Resource Planning Compliance Filing

EO-2015-0055	Ameren Missouri	Demand-side Programs Investment Mechanism
EO-2015-0240	Kansas City Power & Light	Demand-side Programs Investment Mechanism
EO-2015-0241	KCP&L Greater Missouri Operations Company	Demand-side Programs Investment Mechanism
EO-2016-0223	Empire District Electric Co.	Electric Utility Resource Planning Compliance Filing
ER-2016-0156	KCP&L Greater Missouri Operations Company	Demand-side Programs Investment Mechanism

BEFORE THE ARKANSAS PUBLIC SERVICE COMMISSION

Docket Number	Company	Issues
07-079-TF	Arkansas Western Gas	Arkansas Weatherization Program
07-078-TF	Arkansas Western Gas	Initial Energy Efficiency Programs
07-041-P	Arkansas Western Gas	Special Contract
06-028-R	Arkansas Western Gas	Resource Planning Guidelines for Electric Utilities
05-111-P	Arkansas Western Gas	Gas Conservation Home Weatherization Program

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren	)	
Missouri's Filing to Implement Regulatory Changes in	)	File No. EO-2012-0142
Furtherance of Energy Efficiency as Allowed by MEEIA.	)	

<u>NON-UNANIMOUS STIPULATION AND AGREEMENT ADDRESSING AMEREN MISSOURI'S PERFORMANCE INCENTIVE AWARD</u>

COME NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri"), and the Staff of the Missouri Public Service Commission ("Staff"), (collectively "Signatories"), and present this Non-Unanimous Stipulation and Agreement Addressing Ameren Missouri's Performance Incentive Award ("Performance Incentive Stipulation") to the Commission for approval and, in support thereof, respectfully state as follows:

BACKGROUND

1. On January 20, 2012, Ameren Missouri filed an application under the Missouri Energy Efficiency Investment Act ("MEEIA") and the Commission's MEEIA rules in File No. EO-2012-0142. On July 5, 2012, Ameren Missouri, together with other parties, submitted to the Commission for approval a Unanimous Stipulation and Agreement ("2012 Stipulation") related to the Company's implementation of MEEIA. The Commission issued an Order approving the 2012 Stipulation on August 1, 2012 and as amended on December 19, 2012.

2. Paragraph 5.b.ii. of the 2012 Stipulation provides that, at the conclusion of the three-year Plan period and based on the final Evaluation, Measurement, and Verification ("EM&V") results, Ameren Missouri will be allowed to recover a performance incentive. This performance incentive is a percentage of Net Shared Benefits ("NSB") as described in Appendix B of the 2012 Stipulation. Specifically, Paragraph 5.b.ii. provides:

The cumulative net megawatt-hours ("MWh") determined through EM&V to have been saved as a result of the MEEIA Programs will be used to determine the amount of Ameren Missouri's Performance Incentive Award, with the cumulative net MWh performance achievement level (expressed as a percentage) being equal to cumulative net MWh savings determined through EM&V divided by Ameren Missouri's total targeted 793,100 MWh (which is the cumulative annual net MWh savings in the third year of the three-year Plan period). Actual net energy savings for each program year will be determined through the EM&V, including full retrospective application of net-to-gross ratios at the program level using EM&V results from each of the three program years, with the sum of the three years' actual net energy savings to be used to determine the amount of the Performance Incentive Award.

3. On February 11, 2015, several Parties to the 2012 Stipulation submitted a Second Non-Unanimous Stipulation and Agreement Settling the Program Year ("PY") 2013 Change Requests ("Second Stipulation"). The Commission issued an Order approving the Second Stipulation on February 25, 2015. Paragraph 11 of the Second Stipulation provides the Resolution of the PY 2013 dispute. Specifically, Paragraph 11 provides:

a) The Signatories agree to portfolio-wide mega-watt hours savings of 347,360.
b) The Signatories agree to net shared benefits of $123,646,681.
c) The Signatories make no further agreements with respect to any of the issues currently in dispute.

4. The Second Stipulation offered a process change "to avoid dispute with respect to EM&V annual energy savings and annual net shared benefits for PY 2014 and PY 2015," specifically noted in Paragraph 12(a):

In each individual year (PY 2014 and PY 2015), the final evaluator and auditor portfolio-wide energy savings Net-To-Gross ratios ("NTG") shall be averaged for the respective program year. If the portfolio-wide averaged energy savings NTG is between 0.9 and 1.1, then the agreed to NTG will be deemed to 1.0, and the portfolio-wide program year net annual energy savings and annual net shared benefits will be calculate consistent with a portfolio-wide NTG of 1.0 for the evaluators' program year final EM&V reports.

5. On June 23, 2015, Ameren Missouri submitted revised PY 2014 EM&V Reports and on July 17, 2015, the Commission issued an Order approving such reports. On July 29, 2016, Ameren Missouri submitted amended PY 2014 EM&V Reports in its pleading entitled, "Ameren

Missouri's 2014 Residential Portfolio Summary Report and Amended BizSavers Program Utility Cost Test Results," in accordance with the Commission's Order Regarding Request for Rehearing and Clarification issued on January 20, 2016, in File No. EC-2015-0315.

6. On May 16, 2016, Ameren Missouri submitted its PY 2015 EM&V Reports, the last of such reports to be submitted for the three-year plan.[1] On May 20, 2016, the Commission Auditor submitted a memo regarding "Final Net-to-Gross Estimates for PY 2015 of Ameren Missouri Energy Efficiency Programs," indicating that there were no changes to the Net-to-Gross ("NTG") estimates contained in Ameren Missouri's final evaluation reports. The Commission's Auditor indicated that an assessment of the NTG findings would appear in a Final EM&V Auditor's Report. The Commission's Auditor submitted that PY 2015 Final EM&V Report on August 31, 2016.

SPECIFIC TERMS AND CONDITIONS

7. In light of the foregoing, the Signatories to this Performance Incentive Stipulation agree to the following terms and conditions:

8. Settlement of Case. As a result of settlement discussions among the Signatories to this Performance Incentive Stipulation, the Signatories have agreed upon the terms and conditions set forth below in resolution of all remaining issues in this case, with the exception of incorporating, as needed, the results of the appeal of File No. EC-2015-0315, which is currently pending at the Missouri Court of Appeals, Western District, in Case No. WD79406, *Union Electric Company d/b/a Ameren Missouri, Appellant, v. Public Service Commission, Respondent* ("Avoided Cost Appeal").

[1] Ameren Missouri filed corrections to that report on May 26, 2016.

9. Cycle 1 Completeness. Both the MEEIA Cycle 1 programs and the performance measurement of those programs have been completed.[2]

10. Performance Incentive Award and Its Inputs. The calculation of the Performance Incentive Award and the calculation and establishment of its inputs, including the portfolio-wide NTG, three-year total evaluated kWh savings, and utility cost net benefits, are in compliance with Paragraph 5.b.ii. of the 2012 Stipulation and Paragraph 12(a) of the Second Stipulation. The calculations pursuant to Paragraph 12(a) of the Second Stipulation are included in Appendix A.

11. Program Costs in 2016 for MEEIA Cycle 1. The Signatories agree that the program costs included in the PY 2015 evaluation reports include program costs from MEEIA Cycle 1 that were incurred in the first quarter of 2016. The Signatories further agree that for determination of the Performance Incentive Award, it is proper to include \$124,117.53[3] of program costs associated with MEEIA Cycle 1 that were incurred in the second quarter of 2016.

12. MWh Savings and Net Benefits. Based on the foregoing:

- the three-year total MWh savings used for calculating the performance incentive equals 1,168,367; and
- the corresponding net benefits used to calculate the performance incentive is \$454,304,788.

13. Performance Incentive Award. Based on the foregoing, the total performance incentive to be awarded to Ameren Missouri is \$29,065,869.38. The calculation of this amount in compliance with Paragraph 5.b.ii. of the 2012 Stipulation and Paragraph 12(a) of the Second Stipulation is contained in Appendix B. The Company's next Rider Energy Efficiency

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[2] With the exception of the appeal of the Avoided Cost Complaint. This number will be adjusted if Ameren Missouri prevails in its appeal of File No. EC-2015-0315.

[3] The present value amount in 2013 dollars, consistent with how the first quarter 2016 program costs were treated, is \$108,510.45.

Investment Charge ("Rider EEIC") filing will be in November 2016. That filing will include $15,164,801.42 and the remaining $13,901,067.96 will be included in the Company's November 2017 Rider EEIC filing.

14. Recalculation of Utility Cost Net Benefits. Ameren Missouri has calculated the PY 2014 Utility Cost Net Benefits pursuant to the Commission's Order Regarding Requests for Rehearing and Clarification issued January 20, 2016, in File No. EC-2015-0315, *Staff of the Missouri Public Service Commission, Complainant, v. Union Electric Company, d/b/a Ameren Missouri* ("Avoided Cost Decision"). The relevant tables from the Company's 2014 Evaluation Reports have been updated and were filed on July 29, 2016, in this case. In addition, the PY 2015 results outlined in Paragraph 6 above were also calculated in compliance with the Commission's order on January 20, 2016, in File No. EC-2015-0315. The Signatories agree that those results comply with the Commission order. Further:

- Should Ameren Missouri prevail in the Avoided Cost Appeal, it will recalculate and correct its Performance Incentive based on the revised avoided cost.
- Should the Commission prevail in the Avoided Cost appeal, the Performance Incentive shall remain unchanged.

GENERAL PROVISIONS

15. This Performance Incentive Stipulation is being entered into for the purpose of disposing of the issues that are specifically addressed herein. This Performance Incentive Agreement is intended to relate *only* to the specific matters referred to herein; no Signatory waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein. No Signatory will be deemed to have approved, accepted, agreed, consented, or acquiesced to any substantive or procedural principle, treatment, calculation, or other determinative issue underlying the provisions of this Performance Incentive Stipulation. Further, except as specifically provided herein, no Signatory shall be prejudiced or bound in any manner

by the terms of this Performance Incentive Stipulation in any other current or future proceeding before the Commission or any court or administrative agency with jurisdiction, including but not limited to pending and future MEEIA plans and the Avoided Cost Appeal.

16. This Performance Incentive Stipulation has resulted from extensive negotiations and the terms hereof are interdependent. If the Commission does not approve this Performance Incentive Stipulation, approves it with modifications or conditions to which a party objects, or issues an order in another Commission case that negates its approval or conditions, or modifies the Performance Incentive Stipulation in a manner to which any Signatory objects, then this Performance Incentive Stipulation shall be null and void, and no Signatory shall be bound by any of its provisions.

17. If the Commission does not approve this Performance Incentive Stipulation unconditionally and without modification, and notwithstanding its provision that it shall become void, neither this Performance Incentive Stipulation, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with Section 536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Performance Incentive Stipulation had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Performance Incentive Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

18. If the Commission unconditionally accepts the specific terms of this Performance Incentive Stipulation without modification, the Signatories waive, with respect only to the issues resolved herein: their respective rights (1) to call, examine, and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2000; (2) to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2000; (3) to seek rehearing pursuant to Section 386.500, RSMo 2000; and (4) to judicial review pursuant to Section 386.510, RSMo Supp. 2011. These waivers apply only to a Commission order respecting this Performance Incentive Stipulation issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this Performance Incentive Stipulation.

19. This Stipulation contains the entire agreement of the Signatories concerning the issues addressed herein.

20. This Performance Incentive Stipulation does not constitute a contract with the Commission and is not intended to impinge upon any Commission claim, right, or argument by virtue of the Performance Incentive Stipulation's approval. Acceptance of this Performance Incentive Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has or as an acquiescence of any underlying issue. Thus, nothing in this Performance Incentive Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

21. The Signatories agree that this Performance Incentive Stipulation, except as specifically noted herein, resolves all remaining issues raised in this case, and that the

calculations contained in the Appendices should be received into the record without the necessity of any witness taking the stand for examination.

22. Parties to this proceeding have been apprised of this Stipulation by e-mail to all Counsel of Record, and the following parties have stated they do not object:

- Department of Economic Development – Division of Energy ("DE")
- Kansas City Power & Light Company ("KCP&L") and KCP&L Greater Missouri Operations Company
- Laclede Gas Company

WHEREFORE, the Parties respectfully request that the Commission approve this Stipulation, allow the related modifications to the Plan, and grant any other and further relief as it deems just and equitable.

Respectfully submitted,

/s/ Wendy K. Tatro
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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, transmitted by e-mail or mailed by first class mail, postage prepaid, this 2nd day of September, 2016, to counsel for all parties on the Commission's service list in this case.

/s/ Wendy K. Tatro

CONFIDENTIAL SETTLEMENT DOCUMENT

Appendix A – Net-to-Gross Adjustment

2014 Net-to-Gross Adjustment

	Evaluators' EM&V Final Reports										Adjusted to Program NTG=1		
	Energy Savings and Net-To-Gross						Utility Benefits and Costs				Performance Results		
		MWh	MWh		MWh			2013$	2013$	2013$	2013$	2013$	MWh
Program	Table	Ex-Ante	Ex-Post Gross	Realization Rate	Net Savings	NTG	Table	Benefits	Costs	Net Benefits	Benefits	Net Benefits	Net Savings
		x	*o*	*r = o/x*	*b*	*c = b/o*		*d*	*e*	*f = d - e*	*g*	*h = g - e*	*o*
Appliance Recycling	1	12,932	8,850	0.684	6,281	0.710	4	$2,927,005	$ 1,356,441	$1,570,564	$4,101,127	$2,744,686	8,850
Low Income	1	7,484	5,077	0.678	4,863	0.958	4	$3,571,252	$ 3,429,879	$141,373	$3,713,344	$283,465	5,077
New Construction	1	408	275	0.674	118	0.429	4	$161,508	$ 301,206	($139,698)	$376,476	$75,270	275
HVAC	1	39,777	36,004	0.905	34,343	0.954	4	$30,799,614	$ 7,748,069	$23,051,545	$32,272,798	$24,524,729	36,004
Lighting	1	144,913	156,842	1.082	155,780	0.993	4	$46,392,750	$ 8,924,334	$37,468,416	$46,824,931	$37,900,597	156,842
Home Energy Analysis	1	701	442	0.631	375	0.848	4	$211,512	$ 310,250	($98,738)	$248,838	($61,412)	442
Efficient Products	1	11,849	6,697	0.565	6,089	0.909	4	$3,618,024	$ 1,737,227	$1,880,797	$3,984,322	$2,247,095	6,697
PY14 Total Residential	1	218,064	214,187	0.982	207,849	0.970	4	$87,681,665	$ 23,807,406	$63,874,259	$91,521,836	$67,714,430	214,187
Custom	1-2	80,380	83,161	1.035	76,494	0.920	F-5,9	$57,280,624	$ 7,698,197	$49,582,427	$63,273,931	$55,575,734	83,161
Standard	1-2	38,590	40,071	1.038	38,408	0.958	F-5,13	$24,850,507	$ 4,018,966	$20,831,541	$25,889,729	$21,870,763	40,071
New Construction	1-2	13,171	13,400	1.017	13,374	0.998	F-5,17	$10,001,717	$ 1,599,117	$8,402,600	$10,021,342	$8,422,225	13,400
Retro-Comm.	1-2	11,641	9,626	0.827	9,056	0.941	F-5,21	$4,930,974	$ 1,696,406	$3,234,568	$5,217,440	$3,521,034	9,626
PY14 Total Business	1-2	143,782	146,258	1.017	137,332	0.939	F-5	$97,063,822	$ 15,012,686	$82,051,136	$104,402,442	$89,389,756	146,258
PY14 Total Portfolio		361,846	360,445	0.996	345,181	0.9577		$184,745,487	$ 38,820,092	$145,925,395	$195,924,278	$157,104,186	360,445

SETTLEMENT DOCUMENT

Appendix B – MEEIA Cycle 1 Performance Incentive Calculation

A. Performance Target

The following table provides the baseline assumption from the filed MEEIA Report.

Filed MEEIA Targets (MWh) based on 20% Opt Out, January 2012				
	2013	**2014**	**2015**	**3-Year Cum. Target**
RES	165,275	168,237	171,957	505,469
BUS	75,122	87,208	125,303	287,633
Total	240,397	255,445	297,260	793,102

Revised Annual Target = (Annual 20% MWh Target)/(1 - 0.2) * (1 - Actual Annual Opt-Out %)

Adjusted MEEIA Target as of January 2016				
	2013 (Actual)	**2014 (Actual)**	**2015 (Actual)**	**3-Year Cum. Target (Actual)**
RES	165,275	168,237	171,957	505,469
BUS	85,517	95,067	135,249	315,834
Annual Opt Out	8.93%	12.79%	13.65%	
Total	**250,792**	**263,305**	**307,206**	**821,303**

B. MEEIA Cycle 1 Results

	2013 (Stipulated)	2014 (NTG Adjusted)	2015 NTG (Adjusted)	3-Year Cum.
MWh Savings	**347,360**	**360,445**	**460,562**	**1,168,367**
Total Benefits (2013$)	$158,079,084	$195,924,278	$225,584,885	$579,588,246
Program Costs (2013$)	$34,432,402	$38,820,093	$52,030,962	$125,238,458
Net Benefits (2013$)	**$123,646,682**	**$157,104,184**	**$173,553,922**	**$454,304,788**

C. MEEIA Cycle 1 Performance Incentive Calculation

Performance: (1,168,367/821,303)*100 = 142%

Sharing Percent of ">130%" = 6.19%

Net Benefit (PV, 2013$)	$454,304,788		
Sharing Percent	6.19%		
Initial Sharing Amount (PV)	$28,121,466.41		
Class	RES	BUS	Low Income
MWh (3-Year Cum.)	619,540	532,810	16,017
MWh Allocation	53.03%	45.60%	1.37%
Before-Tax Rev. Req. (PV)	$14,911,727.52	$12,824,225.22	$385,513.67
Revenue Requirement* (2-Year Annuity)	$7,706,253.97	$6,627,450.53	$199,230.19

=$14,532,934.69†

†The total amount to be recovered over ~2 years (i.e. $14,532,934.69 + $14,532,934.69 = <u>**$29,065,869.38**</u>)

customers' energy related purchases and consumption behavior. Such activities require constant and ongoing expenditures and provide no physical assets or ownership rights to the utility. Furthermore, the customer rebates provided by utility programs only pay for a portion of the cost to purchase and install energy efficient measures, while the customers pay for the majority and ultimately own the measures.

When capitalizing program expenses (e.g. the current 6-year capitalization model) customers pay additional financing charges associated with the delayed recovery of costs whereas expensing can avoid these additional costs. In addition, the capitalization model creates reduced cash flow for the company to investment in its energy infrastructure. Sharing net benefits is purposefully designed to reward the utility if it can achieve energy savings for less cost (i.e. maximize customer benefits). In order to maximize net benefits to customers, the utility needs to be innovative to exceed performance targets at lower costs, meaning the programs will be more cost effective. This then represents an alignment of interests that will maximize energy efficiency savings as intended under MEEIA.

Expensing also offers a practical advantage. Expensing provides the greatest ability to respond to the ability of some customers to opt-out of funding utility energy efficiency programs. To illustrate the point, consider the current recovery model where expenses are tracked in a regulatory asset and then recovered over six years. The MEEIA rules require that a customer who participates in a utility program continue to fund programs for three years. In the six year amortization model, after the three year period during which the customer paid for programs, there would still be three more years of expenses to recover from the original programs that the customer participated in, yet that customer would be eligible to no longer pay for energy efficiency costs, including the recovery of costs from the programs in which it had participated. This situation is further complicated as different customers opt-out in different years and the fact that the capitalization model only includes expenses in rates after rate cases. It could very well be the case that if the utility did not file a rate case for two years then an opt-out customer would only pay one-year of program costs that are to be collected over six years. Expensing programs allows the program costs to be recovered annually. With annual recovery of costs it is vastly simpler to ensure program costs are recovered appropriately from customers who are eligible to opt-out. Incidentally, it is noteworthy that a rider would add more accuracy in matching annual collections with costs.

Shared Net Benefits

The sharing of net benefits is a useful construct that provides an economic signal for the utility to maximize customer net benefits. The sharing percentage is determined based on two main issues: removal of the throughput disincentive and providing an earnings opportunity equivalent to a supply-side alternative. Removing the throughput disincentive simply makes the utility whole for the revenues it would have collected absent the implementation of its energy efficiency programs whereas the earnings opportunity compensates for the forgone earning opportunities associated with supply-side investments. The unique aspect of sharing net benefits is that the utility share is based solely on providing customer benefits.

For sharing purposes the net benefits are based on the utility cost perspective, which is consistent with the MEEIA rules and synonymous with the UCT equation. In addition, this perspective sends the economic signal to minimize both administrative costs and customer rebates. Figure 2.4 shows the calculation of Net Benefits used as the amount to be shared, which is based on the present value of the lifetime effects of the proposed three-year plan. Again, these figures are consistent with the UCT analysis which is described in Chapter 3 of this report.

Figure 2.4 Net Benefits Calculation

Avoided Energy Costs	$370.3M
Avoided Capacity Costs	$91.2M
Avoided T&D Costs	$37.1M
Total Avoided Costs	**$498.6M**
Utility Program Costs	**$134.3M**
Net Benefits	**$364.3M**

With the net benefits established, the next step is to identify the amount that needs to be shared to adequately mitigate the throughput disincentive and provide appropriate earnings opportunities. Ameren Missouri has calculated that it requires a 20.2% share of the net benefits to accomplish these objectives.

As described earlier, the throughput disincentive is about how the reduction in sales volumes impacts the revenues collected by the utility. To quantify the amount of sharing needed, Ameren Missouri analyzed the effects of energy efficiency on its income statement. Therefore it is pertinent to evaluate the effects of energy efficiency by studying the income statement where the base comparison case does not include the Performance Mechanism. Table 2.2 shows the incremental effects of energy efficiency on the Company's income statement absent the Performance Mechanism.

Table 2.2 Income Statement Analysis of Energy Efficiency ($MM)

	Present Value	2013	2014	2015	2016	2017	2018
Program Cost Recovery	**$134**	$35.2	$46.0	$64.1	$0.0	$0.0	$0.0
Retail Non-Fuel Rev.	**($94)**	($8.2)	($22.4)	($39.0)	($25.7)	($11.7)	($1.5)
Retail Fuel Rev.	**($22)**	($1.8)	($5.0)	($8.9)	($5.9)	($3.0)	($0.3)
FAC Sharing Rev.	**$3**	$0.2	$0.6	$1.2	$0.9	$0.5	$0.1
Total Retail Revenues	**$21**	$25.4	$19.2	$17.4	($30.7)	($14.2)	($1.7)
Off-System Sales Rev.	**$180**	$5.7	$18.3	$35.6	$48.9	$55.0	$61.0
Total Revenues	**$201**	$31.1	$37.5	$53.0	$18.2	$40.8	$59.3
Net Fuel Cost	**($158)**	($3.9)	($13.3)	($26.7)	($43.0)	($52.0)	($60.7)
Program Expenses	**$134**	$35.2	$46.0	$64.1	$0.0	$0.0	$0.0
Income Taxes	**($35)**	($3.1)	($8.3)	($14.5)	($9.5)	($4.3)	($0.5)
Net Income (Earnings)	**($56)**	($5.0)	($13.4)	($23.3)	($15.3)	($6.9)	($0.9)

Table 2.2 reveals several important issues. The first thing to note is that using an expense tracker based on a forecasted average expense level does not impact utility earnings (i.e., net income). This is because accounting entries on the balance sheet account for the variances associated with using an average amount in rates over the three year period compared to the year-by-year expenses.

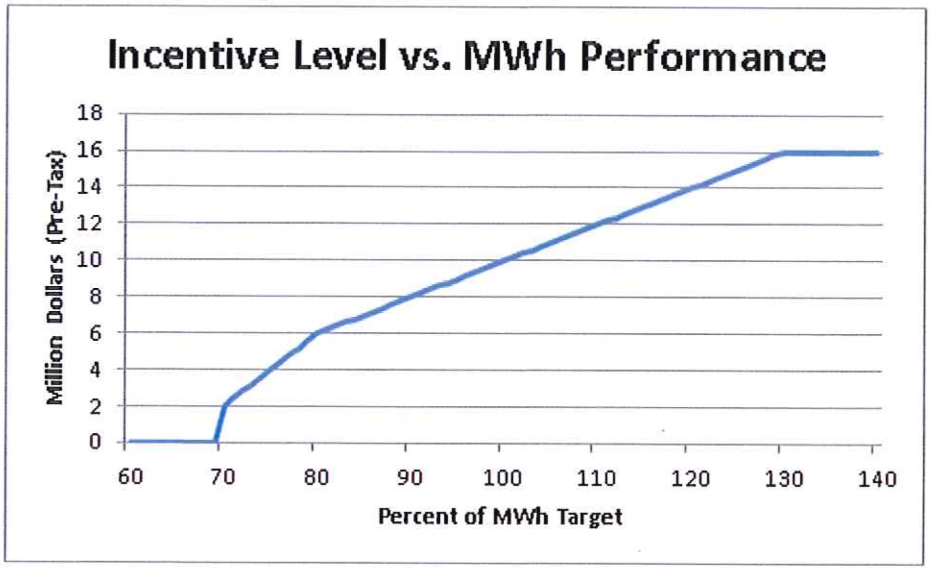
Second, notice that as customers use less energy the retail fuel revenues are decreasing and the off-system sales revenues are increasing. Ameren Missouri's generation units are dispatched into the Midwest ISO market based on whether the unit is economic relative to market prices, not based on the magnitude of the Company's native retail load obligation. Since the Company's generating units are relatively low-cost compared to the market, total generation output remains unchanged in the face of declining retail load obligations causing off-system sales to increase. The avoided energy and capacity costs are market based, so as the retail sales decrease the net fuel costs decrease and the benefits flow back to customers through the FAC. Customers save the retail fuel rate in real-time and then receive the off-system sales margin (i.e. the difference between the off-system sales price and the retail fuel rate) through the FAC. Through this framework, customers ultimately observe benefits equal to the full value of the market prices. It is important to note that these reductions in usage caused by energy efficiency between rate cases are a source of variation in the fuel costs and therefore are subject to the FAC sharing. Under its current FAC design, the Company retains 5% of the off-system sales margin. As the income statement shows, this effect has been included to offset the negative financial effects of energy efficiency on the Company. Table 2.2 only extends six years but the benefits continue throughout the life of the energy efficiency measures. Finally, similar to the effects of an expense tracker, the cash flow timing of FAC true-ups do not affect utility earnings (except for the mismatch in financial carrying costs not illustrated in this analysis).

The core of the income statement analysis is in observing the effects of the reduction in non-fuel retail revenues (which is highlighted in pink). Notice that the negative financial effects of energy efficiency are present several years beyond the three-year implementation period. As mentioned earlier, this is because of the significant regulatory lag associated with incorporating energy efficiency into rates. In fact, this particular effect is the quantification of the throughput disincentive. The income statement shows that these reductions in non-fuel retail revenue flow directly to net income and thus represent a significant reduction in utility earnings (highlighted in blue). The present value of the negative net income impact is $56 million or $64.7 million nominal dollars. Before taxes, the Company will collect $105 million dollars less than it would without energy efficiency. As mentioned earlier, these losses are permanent and are a severe economic disincentive to engage in energy efficiency efforts. Without addressing these losses, the requirements of the MEEIA law to align financial interests of the utility and customers cannot be achieved.

Sharing a portion of net benefits to cover the aforementioned decline in net income only removes the disincentive associated with energy efficiency. But without some way to match the earnings potential of supply-side projects, the utility will continue to favor investments in energy infrastructure projects. In Ameren Missouri's 2011 IRP the preferred resource plan called for the construction of a combined cycle plant to be completed in 2029. Therefore, if Ameren Missouri engaged in energy efficiency it would forfeit the potential equity earnings associated with that construction investment. In order for energy efficiency investments to be on an equivalent economic footing, the earnings opportunities must be equivalent. Ameren Missouri estimates that a long-term annual incentive of $10 million would provide a present value of earnings equal to that of constructing a combined cycle plant in 2029. It is also important to note that the current commensurate return is being compared to a combined cycle plant. Over time, as long-term plans evolve, the comparable supply-side resource may change based on updated views on long-term uncertainties. For example, changes in regulatory and/or legislative policies may make nuclear or renewables the new benchmark resource.

Even with the $10 million incentive level identified, it is appropriate and useful to prescribe the incentive earnings potential into a performance band. This performance band enhances the economic signal further to maximize customer net benefits. Figure 2.5 depicts the performance band proposed by Ameren Missouri. Notice that if the utility achieves 100 percent of its performance targets then it will achieve the annual $10 million incentive. It is apparent that as the performance targets are exceeded then the earnings potential is increased and conversely the earning potential decreases with under-performance. The proposal includes a cap at 130% and a floor of zero incentive at 70%.

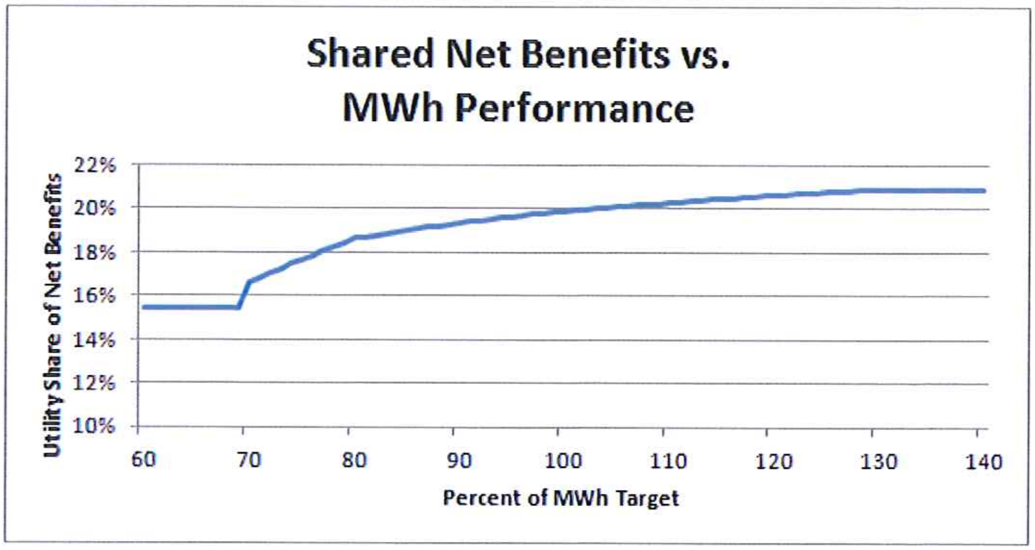
Figure 2.5 Performance Incentive



The overall Performance Mechanism must both offset the financial disincentive and provide equivalent earning opportunities to supply-side alternatives. In doing so, this combination must be translated into a portion of net benefits. The present value of the negative net income impact is $56 million, which represents the financial throughput disincentive associated with implementing energy efficiency. The present value of three years of $10 million annual incentive results in an after-tax net income effect of $17 million.

Still, the Performance Mechanism needs to be expressed in terms of a share of net benefits. The sum of the net income impacts of both the incentive and throughput disincentive is $73 million. Dividing this amount by the net benefit, $364 million, results in a target sharing percentage of 20.2% at the 100% performance level. Translating the sliding performance incentive into a sharing percentage incorporates the fact that the net benefits are higher or lower at different performance levels and it assumes those are reached at the same cost per MWh saved as the initial plan. Figure 2.6 shows the final Performance Mechanism sharing scale.

Figure 2.6 Performance Mechanism



Notice that in Figure 2.6 the minimum sharing percent is 15.4%, which holds true for performance levels from zero through 70 percent. This minimum sharing percentage provides adequate fixed cost recovery, but any performance below 70 percent would yield no earnings opportunity. Again, this design is consistent with the goal to first remove the economic disincentive and then provide an economic incentive to generate additional customer benefits.

To limit the initial rate impact of the proposed plan, Ameren Missouri is proposing that only 15.4% of the 20.2% be included in rates in the Company's upcoming rate case. Doing so allows the Company to be made whole for immediate financial penalties that would otherwise be incurred. Once the three year performance goals are met in 2015, the Company will request the remaining sharing based on performance (additional sharing of 4.8% at the target level) be included in rate base and amortized over three years. The combination of calculating the final sharing amounts in 2015 dollars and including the amount in rate base effectively accounts for the time value of money for the delayed recovery.

The initial income statement analysis in Table 2.2 did not include the effects of the Performance Mechanism (the sharing of net benefits.) Table 2.3 shows the earnings impact of the proposed mechanism and demonstrates the net effect is that, on a present value basis, the throughput disincentive is effectively mitigated and the incentive yields the expected earnings opportunity. It is also important to understand that the cash collection of the 4.8% sharing will be delayed but the earnings can be recognized once the performance targets have been achieved. Section 2.5 of this report discusses how the revenue requirement is determined.

Table 2.3 Income Statement Analysis of Energy Efficiency ($MM)

	Present Value	2013	2014	2015	2016	2017	2018
Program Cost Recovery	**$134**	$35.2	$46.0	$64.1	$0.0	$0.0	$0.0
Retail Non-Fuel Rev.	**($94)**	($8.2)	($22.4)	($39.0)	($25.7)	($11.7)	($1.5)
Perf. Mechanism	**$118**	$32	$32	$32	$32	$0	$0
Retail Fuel Rev.	**($22)**	($1.8)	($5.0)	($8.9)	($5.9)	($3.0)	($0.3)
FAC Sharing Rev.	**$3**	$0.2	$0.6	$1.2	$0.9	$0.5	$0.1
Total Retail Revenues	**$139**	$57.9	$51.7	$49.9	$1.4	($14.2)	($1.7)
Off-System Sales Rev.	**$180**	$5.7	$18.3	$35.6	$48.9	$55.0	$61.0
Total Revenues	**$318**	$63.6	$70.0	$85.5	$50.3	$40.8	$59.3
Net Fuel Cost	**($158)**	($3.9)	($13.3)	($26.7)	($43.0)	($52.0)	($60.7)
Program Expenses	**$134**	$35.2	$46.0	$64.1	$0.0	$0.0	$0.0
Income Taxes	**$10**	$9.4	$4.1	($2.0)	$2.8	($4.3)	($0.5)
Net Income (Earnings)	**$17**	$15.1	$6.6	($3.3)	$4.5	($6.9)	($0.9)

Table 2.3 shows the same negative impact to retail non-fuel revenue as Table 2.2 (highlighted in pink). The Performance Mechanism (highlighted in green) shows the initial recovery of the 15.4% for the first three years and then includes the full amount of the remaining 4.8% in the fourth year. For the income statement, the deferred 4.8% sharing amount is assumed to be credited to the utility in early 2016 after the results are available to determine the level of performance achieved. Although the cash has not been collected from customers yet, the earnings are able to be recorded because accounting entries on the balance sheet account for the variances associated with the final award of the incentive and the deferred three year recovery period. Finally, the net income effects (highlighted in blue) demonstrate the proposal achieves the desired result which is the complete offset of the throughput disincentive and the targeted positive earnings opportunity of $17 million present value.

While the income statement analysis demonstrates one perspective, another perspective is the impact to key utility credit metrics. Two key metrics are the Funds From Operations (FFO)-to-Debt and the FFO-to-Interest. At year-end 2010 the FFO/Debt percentage was 23.7% and the FFO/Interest ratio was 5.0. Table 2.4 shows the impact of the proposed energy efficiency plan to these key credit metrics with and without the proposed Performance Mechanism. Notice the case without the Performance Mechanism shows downward pressure on the key metrics, which reflects the reduction in non-fuel retail revenues (i.e. the throughput disincentive) and related cash flows.

Table 2.4 Change in Key Credit Metrics (Absolute Change in Metric)

	2013	2014	2015	2016	2017	2018
With Performance Mechanism						
FFO/Debt	0.6%	0.2%	(0.4%)	(0.2%)	0.0%	0.2%
FFO/Interest	0.02	0.01	(0.01)	(0.01)	0.00	0.01
Without Performance Mechanism						
FFO/Debt	0.2%	(0.2%)	(0.9%)	(0.4%)	(0.2%)	(0.0%)
FFO/Interest	0.01	(0.01)	(0.03)	(0.01)	(0.01)	(0.00)

Overall the Performance Mechanism is designed to neutralize changes in business risk associated with the implementation of the proposed energy efficiency plan.

Residential Customer Charge

As mentioned previously, Ameren Missouri is requesting an increase in its residential monthly customer charge from $8 to $12. The increase is supported by recent Class Cost of Service Studies (CCOSS) conducted by the Company and reduces the utility's sensitivity to the negative effects of energy efficiency. In case ER-2011-0028, the CCOS supported an $18 per month charge and it is expected the CCOSS to be included in the upcoming rate case filing will support a customer charge of at least that much. Moving to $12 is a reasonable step towards a cost-based customer charge while also limiting the impact of the change to customers.

The throughput disincentive decreases as the customer charge increases since less fixed costs would be collected through volumetric rates. By increasing the customer charge to $12/month, the throughput disincentive is reduced by $4 million. The proposed sharing of net benefits is predicated on the approval of this customer charge increase. In the event the requested increase is rejected, the portion of shared net benefits will need to be increased by 0.6%.

2.5 Customer Impacts

The UCT measures the revenue requirement impact to customers. For the proposed plan, the present value of the program costs is $134M while the lifetime benefits are $499M, resulting in a present value revenue requirement decrease of $364M. As was explained earlier in this report, there are no reductions in fixed costs between rate cases as a result of energy efficiency. However, because of regulatory lag and recovery of fixed costs through volumetric rates, customers realize savings between rate cases that are not associated with cost reductions. Allowing fixed cost rate recovery to the utility does not impact the true benefits associated with energy efficiency. Those true benefits associated with energy efficiency primarily represent reductions to the variable costs of the revenue requirement.

Programs. The revenue requirement addition provided for in this paragraph 5.b shall be trued-up as provided for in paragraph 6.b below.

ii. NSB Relating to the Performance Incentive. After the conclusion of the three-year Plan period, using final Evaluation, Measurement and Verification ("EM&V") results (with EM&V to be performed after each of the program years 1, 2 and 3),[5] Ameren Missouri will be allowed to recover the performance incentive, which is a percentage of NSB as described on Appendix B attached hereto and incorporated herein by this reference (the "Performance Incentive Award"). The cumulative net megawatt-hours ("MWh") determined through EM&V to have been saved as a result of the MEEIA Programs will be used to determine the amount of Ameren Missouri's Performance Incentive Award, with the cumulative net MWh performance achievement level (expressed as a percentage) being equal to cumulative net MWh savings determined through EM&V divided by Ameren Missouri's total targeted 793,100 MWh (which is the cumulative annual net MWh savings in the third year of the three-year Plan period).[6] The targeted net energy savings shall be adjusted annually for full program year impacts on targeted net energy savings caused by actual opt-out. [7] Actual net energy savings for each program year will be determined through the EM&V, including full retrospective application of net-to-gross ratios at the program level using EM&V results from each of the three program years, with the

[5] As provided for in paragraph 11.b, if there are objections or concerns with any EM&V results that the Signatories are unable to resolve, they will be submitted to the Commission for resolution according to the process outlined therein.

[6] The cumulative 793,100 MWh net (net-to-gross ratios are equal to 1.0) energy savings is based upon the 1,434,353 MWh annual energy sales for the opt-out customers specified in Table 2.11 of the MEEIA Report.

[7] This is based on a net-to-gross ratio equal to 1.0 (except for the Refrigerator Recycling Program, which has a net-to-gross ratio of 0.64). Note that all references to net-to-gross ratios in this Stipulation to the Refrigerator Recycling Program assume the net-to-gross ratio for that program is 0.64.

sum of the three years' actual net energy savings to be used to determine the amount of the Performance Incentive Award. Recovery of the Performance Incentive Award is addressed in paragraph 6.c.

6. Final Recovery/True-up. It is the Signatories' intent that Ameren Missouri shall recover as close as reasonably practicable (separately for the residential and non-residential customer classes):

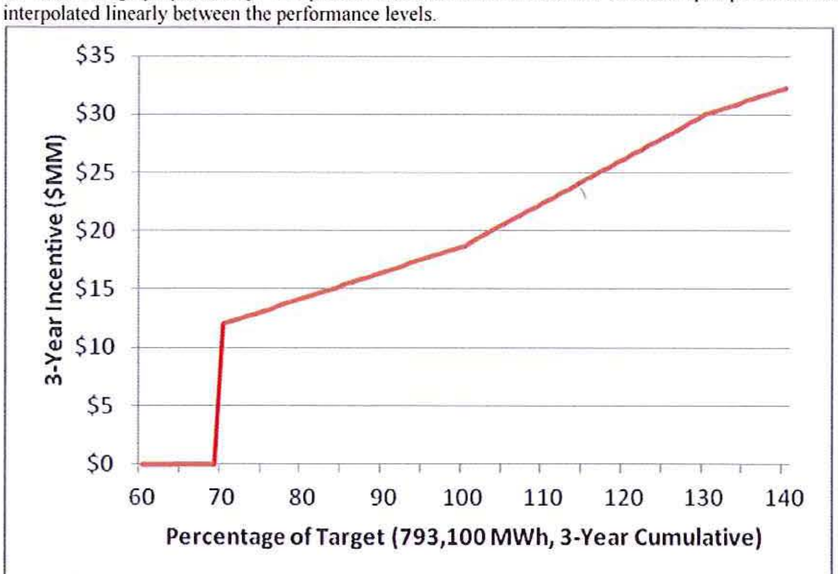
- its actual MEEIA Programs' costs;
- the Ameren Missouri TD-NSB Share amounts; and
- the Performance Incentive Award determined in accordance with paragraph 5.b.ii. and Appendix B.

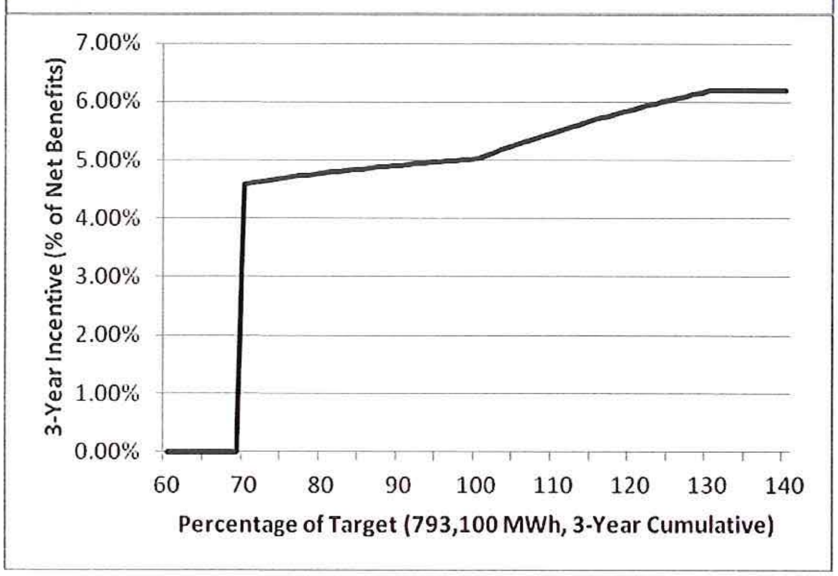
Initially, as detailed above, estimates of the MEEIA Programs' costs and 90% of Ameren Missouri's TD-NSB Share shall be recovered through base rates, with the difference between Ameren Missouri's estimated and actual MEEIA Programs costs and the difference between 90% of the estimated and 100% of the actual Ameren Missouri TD-NSB Share tracked for recovery by means of an amortization in a future general electric rate case. Similarly, Ameren Missouri's Performance Incentive Award shall be recovered through base rates set in a future general electric rate case by using an amortization described in subsection 6 c. However, if the pending challenge (currently before the Missouri Western District Court of Appeals in Case No. WD 74676) to the lawfulness of a DSIM rider is ultimately resolved in favor of it being lawful prior to any final true-up of the MEEIA Programs' costs or Ameren Missouri's TD-NSB Share, then the respective associated regulatory asset or regulatory liability balance, and Performance Incentive Award shall (except as otherwise provided for in paragraph 7) be recovered from/returned to customers via such a rider. Furthermore, if the pending challenge (currently

Performance Incentive

Percent of % MWh Target	3-Year Total ($MM)	Percent of Net Benefits*
<70	$0.00	0.00%
70	$12.00	4.60%
80	$14.25	4.78%
90	$16.50	4.92%
100	$18.75	5.03%
110	$22.50	5.49%
120	$26.25	5.87%
130	$30.00	6.19%
>130		6.19%

*Includes income taxes (i.e. results in revenue requirement without adding income taxes). Dollar figures shown in the above-table are for initial design purposes only. The performance incentive awarded will be based upon percent of net benefits. The percentages are interpolated linearly between the performance levels.





Example No. 1 - Performance Incentive Calculation (millions of dollars)

Net Benefit (PV)	$360.78		
Sharing Percent	5.03%		
Initial Sharing Amount (PV)	$18.14		
Class	RES	BUS	Low Inc.
MWh (3-Year Cum.)	491,803	287,633	13,666
MWh Allocation	62.0%	36.3%	1.7%
Before-Tax Rev. Req. (PV)	$11.25	$6.58	$0.31
Revenue Requirement* (2-Year Annuity)	$5.81	$3.40	$0.16

= $9.375†

*Excludes rate base treatment as specified in the stipulation
†This amount will be revovered over 2 years (i.e. $9.375 + $9.375 = $18.75)

Example No. 2 Performance Level Calculation

This example assumes an actual customer opt-out rate of 15% and gross and net energy savings, as determined through EM&V, of 800,000 MWh gross and 840,000 MWh net (i.e. a net-to-gross ratio of 1.05). The actual numbers used in the final calculation will be determined based on the actual opt-out rate and the results of EM&V.

- Planned target based on assumed opt-out rate of 20%: 793,100 MWh
- Actual target based on actual opt-out rate of 15%: 811,079 MWh (new BUS Target – (287,633/(1-0.2))*(1-0.15) = 305,610 therefore the new total target is 505,469 (RES + low-income target) + 305,610 (new BUS target))
- Gross savings from EM&V: 800,000 MWh
- Net savings from EM&V (based on net-to-gross ratios determined through EM&V): 840,000 MWh (based on an example portfolio average-weighted net-to-gross ratio of 1.05; actual net-to-gross ratios will be determined and applied on a program-by-program basis as part of the independent EM&V contractor's determination of net savings)
- Performance (i.e., net savings compared to actual target): 840,000 MWh/811,079 MWh = 103.6%
- Ameren Missouri's performance incentive for achieving 103.6% performance: 5.03% + ((103.6-100)/10)*(5.49% - 5.03%) = 5.20% of actual net benefits[1].

[1] Actual net benefits are based on actual program costs for the three-year MEEIA plan and the actual net MWh savings as determined by EM&V.

Issues Settled

10. This Stipulation is offered to resolve all disputed differences in the EM&V results for PY2013, and to provide a method for more expeditious resolution of EM&V differences and potential EM&V disputes for PY 2014 and PY 2015. The parties further agree that any particular methodology employed and left uncontested by operation of this Stipulation shall have no precedential value, and that this Stipulation may not be held out by any party to this Stipulation to argue for continued use of that particular methodology on the basis that it was used for years PY 2013, PY 2014, and/or PY 2015 pursuant to this Stipulation.

11. Resolution of PY 2013 dispute:

a) The Signatories agree to portfolio-wide mega-watt hours savings of 347,360.

b) The Signatories agree to net shared benefits of $123,646,681.

c) The Signatories make no further agreements with respect to any of the issues currently in dispute.

12. Process change to avoid dispute with respect to EM&V annual energy savings and annual net shared benefits for PY 2014 and PY 2015:

(a) In each individual year (PY 2014 and PY 2015), the final evaluator and auditor portfolio-wide energy savings Net-To-Gross ratios ("NTG") shall be averaged for the respective program year. If the portfolio-wide averaged energy savings NTG is between 0.9 and 1.1, then the agreed to NTG will be deemed to 1.0, and the portfolio-wide program year net annual energy savings and annual net shared benefits will be calculated consistent with a portfolio-wide NTG of 1.0 for the evaluators' program year final EM&V reports.

(b) If the final evaluator and auditor averaged savings calculations result in a portfolio-wide average energy savings NTG lower than 0.9 or higher than 1.1, the parties are free to file change requests, initiate litigation or otherwise contest the program year EM&V results in a manner consistent with Paragraph 11. b. iv. of the 2012 Stipulation.

13. The EM&V reporting process will be in accordance with Paragraph 11. b. of the 2012 Stipulation. Specifically for 2014 and 2015:

(a) the evaluators' draft EM&V reports will be provided to stakeholders no later than 45 days after the end of each program year.

(b) 60 days after circulation of the draft EM&V report, the auditor and each stakeholder group participant will provide any comments and recommendations for report changes to the EM&V contractors and to all other stakeholder group participants. A meeting to discuss all submitted comments and recommendations concerning report changes will be held within this same 60-day period.

(c) 30 days after the deadline for comments and recommendations for report changes, the final EM&V reports, with the evaluators' NTG to be used as the first component for calculation of the portfolio-wide average NTG will be provided to all stakeholder group participants by the EM&V contractors.

(d) In addition to the EM&V reporting process in the 2012 Stipulation, the auditor shall provide a final recommendation on the portfolio NTG, to be used as the second component for calculation of the portfolio-wide average NTG, no later than 7 days after the evaluators' final reports.

14. The Signatories understand and agree that the evaluators and auditor shall be free of any unilateral persuasion, pressure, advocacy, encouragement or other communication suggesting, directly or indirectly, a particular NTG outcome on a measure or methodology used to determine NTG, at a program or portfolio level, provided, however, the Signatories may discuss or communicate with the auditor and evaluator as part of the stakeholder process concerning the methods applied or outcomes reached.[4] Ameren Missouri shall make arrangements for two live calls with evaluators that are open to stakeholders. The auditor will participate in these calls. The calls shall be scheduled after the draft evaluators' EM&V reports are provided, but before the final auditor EM&V report is issued. If all parties agree, either or both calls may be canceled. This provision is intended to ensure the final EM&V results reached by the evaluator and auditor reflect their respective professional judgments, and their judgments alone. Nothing in this provision is intended to preclude any stakeholder from engaging in the normal course of discovery. Nothing in this provision is intended to discourage stakeholder dialogue, including or excluding the evaluators and auditor, concerning pending or past EM&V results.

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[4] "Stakeholder process" as used here means only the opportunities for joint stakeholder discussion with the evaluators and/or auditor, limited to: 1) the comments provided to all stakeholders described in paragraph 11.b.ii of the 2012 Stipulation, 2) the meeting described in paragraph 11.b.iii of the 2012 Stipulation, 3) the conference call/meeting described in paragraph 11.b.iv of the 2012 Stipulation, 4) the quarterly meetings described in paragraph 14 of the 2012 Stipulation, 5) the comments provided to all stakeholders described in paragraph 13(b) of this Stipulation, 6) the meeting provided in paragraph 13(b) of this Stipulation, and 7) the two live phone calls that are open to all stakeholders as provided in paragraph 14 of this Stipulation. Signatories acknowledge that communications with the evaluator and/or auditor limited to program administration are permitted so long as such communications do not attempt to persuade, pressure, advocate, encourage or suggest, directly or indirectly, a particular NTG outcome on a measure or methodology used to determine NTG, at a program or portfolio level.

15. Any program evaluator, auditor, or stakeholder may be made aware of this Stipulation and its terms as part of any MEEIA stakeholder process. The Signatories agree that upon execution this Stipulation is no longer confidential.

General Provisions

16. This Stipulation is being entered into for the purpose of disposing of the issues that are specifically addressed herein. In presenting this Stipulation, none of the Signatories shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking principle or procedural principle, including, without limitation, any method of cost or revenue determination or cost allocation or revenue related methodology, and none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation (whether it is approved or not) in this or any other proceeding, other than a proceeding limited to enforce the terms of this Stipulation, except as otherwise expressly specified herein.

17. This Stipulation has resulted from extensive negotiations and the terms hereof are interdependent. If the Commission does not approve this Stipulation, or approves it with modifications or conditions to which a party objects, then this Stipulation shall be void and no signatory shall be bound by any of its provisions.

18. If the Commission does not unconditionally approve this Stipulation without modification, and notwithstanding its provision that it shall become void, neither this Stipulation, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with Section 536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at its office in Jefferson City on the 20th day of January, 2016.

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

ORDER REGARDING REQUESTS FOR REHEARING AND CLARIFICATION

Issue Date: January 20, 2016 Effective Date: January 30, 2016

On November 18, 2015, the Commission issued an order granting Staff's motion for summary determination and denying Union Electric Company, d/b/a Ameren Missouri's motion for summary determination regarding Staff's complaint against Ameren Missouri. The Commission's order became effective on December 18.

On December 17, the Missouri Department of Economic Development – Division of Energy filed an application for rehearing. Ameren Missouri filed a separate application for rehearing on the same date. Ameren Missouri also requested clarification of a provision within the Commission's order.

Section 386.500.1, RSMo 2000 provides that the Commission may grant a request for rehearing, "if in its judgment sufficient reason therefor be made to appear". In the judgment of the Commission, neither the Division of Energy nor Ameren Missouri has shown sufficient reason to rehear the order resolving Staff's complaint. Those motions will be denied.

Ameren Missouri also requests clarification of one aspect of the Commission's order. The Commission's order required Ameren Missouri to provide its independent EM&V contractors with the most recent avoided cost information needed for the calculation of the portion of the annual net shared benefits that are to be awarded to Ameren Missouri as a performance incentive as a result of the energy efficiency savings the utility has achieved from its MEEIA demand-side programs for Program Year 2014. During that program year, the most recent avoided cost information changed when Ameren Missouri selected a new preferred resource plan on October 1, 2014, when it filed its 2014 IRP. Before that time the avoided cost information was based on its 2011 IRP filing. Ameren Missouri asks the Commission to clarify that the avoided cost estimates used to calculate the performance incentive arising from MWhs saved before October 1, 2014 should be measured against the standards found in the 2011 IRP filing rather than the 2014 IRP filing.

Staff responded to Ameren Missouri's request for clarification by arguing 1) that the approach proposed by Ameren Missouri would be overly complicated, 2) would increase the amount of costs recovered from ratepayers, and 3) would have a minimal impact on the 2014 Performance Incentive amount. Ameren Missouri replied to Staff by arguing that the company knows, from month to month, which measures have been installed. As a result, it is easy to segregate the measures installed before and after October 1, 2014, and it is a straightforward calculation to determine the lifetime savings from those measures. Ameren Missouri estimates that the impact to the 2014 Performance Incentive amount would be approximately $3 million.

The Commission finds that Ameren Missouri's request for clarification is reasonable. The calculation proposed by Ameren Missouri is not overly complicated, and the impact of that calculation is not trivial. Most importantly, the calculation proposed by Ameren Missouri is consistent with the Commission's finding that the performance incentive should be based on the market price available at the time avoided costs are calculated. It is reasonable that the 2014 IRP actual costs begin to apply to the calculation of net benefits only after the 2014 IRP was filed.

THE COMMISSION ORDERS THAT:

1. The Missouri Department of Economic Development - Division of Energy's Application for Rehearing is denied.

2. Union Electric Company, d/b/a Ameren Missouri's Application for Rehearing is denied.

3. Union Electric Company, d/b/a Ameren Missouri's Request for Clarification is granted.

4. This order shall be effective on January 30, 2016.

BY THE COMMISSION

Morris L Woodruff

Morris L. Woodruff
Secretary

Hall, Chm., Stoll, Kenney, Rupp, and
Coleman, CC., concur.

Woodruff, Chief Regulatory
Law Judge

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 APPLICATION FOR REHEARING AND REQUEST FOR CLARIFICATION

COMES NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company"), pursuant to § 386.500.1, RSMo.[1] and 4 CSR 240-2.160, and for its *Application for Rehearing and Request for Clarification* of the Commission's November 18, 2015 *Order Granting Staff's Motion for Summary Determination and Denying Ameren Missouri's Motion for Summary Determination* ("Order") in the above-captioned proceeding states as follows:

Application for Rehearing

Commission decisions must be lawful (i.e., the Commission must have statutory authority to do what it did) and must be reasonable. *State ex rel. Atmos Energy Corp. v. Pub. Serv. Comm'n*, 103 S.W.3d 753, 759 (Mo. banc 2003); *State ex rel. Alma Tele. Co. v. Pub. Serv. Comm'n*, 40 S.W.3d 381, 387-88 (Mo. App. W.D. 2001). The decision is reasonable only if supported by competent and substantial evidence of record. *Alma*, 40 S.W.3d at 388. Moreover, Commission decisions must not be arbitrary, capricious, or unreasonable. § 536.140.1(6). The Commission is a creature of statute and it has only the powers conferred on it by the Legislature. *State ex rel. City*

[1] Statutory references are the Missouri Revised Statutes (2000), unless otherwise noted.

of St. Louis v. Pub. Serv. Comm'n, 73 S.W.2d 393, 399 (Mo. banc 1934). The Commission is bound by its administrative rules. *See, e.g., State ex rel. Stewart v. Civil Serv. Comm'n*, 120 S.W.3d 279 (Mo. Ct. App. 2003).

1. The Commission has unlawfully disregarded its own rule by re-writing it.

The Order acknowledges that nothing whatsoever in the unanimous stipulation and agreement approved by the Commission on August 1, 2012 changed the terms of the original MEEIA plan with respect to how the utility incentive component of the DSIM was to be determined. Consequently, the Order concedes that *under the MEEIA plan and the stipulation*, avoided cost estimates are not to be updated and that the avoided cost estimates used in the original filing are to apply throughout the entire term of the DSIM, including when the utility incentive component is determined.

So how does the Order purport to avoid the express terms of the plan, which admittedly were not changed by the stipulation? It does so by changing the express and unambiguous terms of 4 CSR 240-20.093(1)(F) so that it now reads as follows (with the actual text of the rule stricken below):

> Avoided cost or avoided utility cost means the cost savings obtained by substituting demand-side programs for existing and new supply-side resources. Avoided costs include avoided utility costs resulting from demand-side programs' energy savings and demand savings associated with generation, transmission and distribution facilities including avoided probable environmental costs. The utility shall use the same ~~methodology~~ **inputs** used in its most recently-adopted preferred resource plan to calculate its avoided costs.

Based upon its rule re-write, the Commission then concludes that since the Company did not obtain a waiver of 4 CSR 240-20.093(1)(F), its utility incentive component must be determined using the inputs underlying the preferred plan from its 2014 IRP. To be clear: the Order implicitly acknowledges that the red "X" in Table 2.12 in the MEEIA plan prohibits changing the avoided cost estimates that were used for the MEEIA plan, and that it was not in any way modified by the stipulation, but the Commission nevertheless concludes that honoring the agreement of all of the parties – and of the Commission itself in approving the stipulation – is unenforceable because the agreement is at odds with the rule and because a waiver of the rule was not obtained.

The Commission is patently wrong as a matter of law because "inputs" and a "methodology" are not the same.[2] The most pertinent portion of the definition of "input" from *Merriam Webster's Collegiate Dictionary* is that an input is "information fed into a data processing system or computer." An "input" is also defined as "the act of putting in" and "what is put in." *Id.* One does not "put a method in" a method, and a method is not "what is put in." Data, numbers are "put in" and they are "put in" the method; the formula.[3]

There is absolutely nothing in these definitions that supports the conclusion that a "methodology" or a "method" are the same thing as an "input." It's that simple, the Commission has re-written its definition of avoided costs by substituting "input" for "methodology" and it has done so unlawfully.

This is confirmed by reference to a thesaurus. Synonyms for "methodology" include "procedure, program, approach, how, manner, recipe, technique and way."[4] Several of the synonyms for "method" are quite similar: "approach, fashion, how, manner, methodology, and recipe"[5] and "procedure" and "process."[6] The procedure, approach, recipe, process for determining the net benefits was specified in Table 2.12 of the plan, and it plainly provides that six of the items that are "put in" the methodology remain fixed while three are

[2] Notably, the Order completely fails to explain how the Commission reached its conclusion that the inputs and the methodology are the same. Instead, the Order just says as much.
[3] *Webster's* also tells us that a "methodology" is a "system of methods." *Webster's* further tells us that a "method," from which the word "methodology" is derived, is a "procedure, process."
[4] *Merriam-Webster's Online Thesaurus.*
[5] *Id.*
[6] *Oxford Dictionaries*, Oxford University Press.

updated. The Order indicates that the Commission fully understands the difference, but to achieve the result it apparently desired to achieve (lower net benefits and lower utility incentive component of the Company's DSIM), it ignored it.

That the Commission understands the difference is evidenced by statements on page 4 of the Order, where the Commission observes that the "formula used in the method did not change," indicating instead that the "numbers changed." What the Commission overlooks is that the "method" and the "formula" are one in the same, as evidenced by the fact that a synonym for "formula" is "method."[7] A formula was not "used in" the method. The formula *is* the method. *Inputs* are "put in" formulas and methods, and under the plan some of those inputs could change, and some could not.

2. **It is undisputed that the Company used the same methodology to determine avoided costs for its MEEIA plan filing, and for the determination of the net benefits to be used in the utility incentive component calculation.**

The Commission also ignores the entire basis of the Company's Motion for Summary Determination ("Company's Motion") and reaches conclusions in this case that are directly contradicted by the undisputed material facts. Paragraphs 30 – 32 and 34 of the Company's Motion establish both *what* the methodology for determining avoided costs is, and establish that the *same methodology* was used in both its 2011 and 2014 IRP filings. Those facts were admitted by all parties and thus, as matter of law, they are undisputed for purposes of the Commission's ruling in this case. The Commission is not free to disregard those undisputed material facts and reach a conclusion based on a different set of facts.

[7] *Id.*

3. **The Commission's re-write of 4 CSR 240-20.093(1)(F) is directly contradicted by other provisions of the MEEIA rules.**

The Order has now defined "methodology" to include the "inputs" because under the Order, the "methodology" and the "inputs" are the same. There is no escaping this conclusion because the Commission has now ruled that "same methodology as used in its most recently-adopted preferred resource plan" means the preferred plan last filed before the subject net benefit calculation is being performed. This is how the Commission reaches the result that requires the Company to use the avoided cost values/inputs it used in its 2014 IRP when calculating net benefits for its utility incentive component. If the Order concluded otherwise, then "most recent" would, as the Company argues, refer to the methodology used in the IRP last filed before the MEEIA plan at issue was approved; that is, the 2011 IRP.

4 CSR 240-20.093(1)(EE) proves the Commission erred when it concluded that the "methodology" and the "inputs" are the same. 4 CSR 240-20.093(1)(EE) defines the utility incentive component of the DSIM as "the methodology approved by the commission in a utility's filing for demand-side program approval to allow the utility to receive a portion of annual net shared benefits achieved and documented through EM&V reports." If "methodology" includes the inputs, as the Commission has concluded in the Order,[8] then not only is the methodology (which the Commission concludes is a formula that does not change) locked-in when the utility incentive component was approved, but so too must be the inputs, because the methodology, the inputs and the formula are, according to the Order, one in the same. If "methodology" in 4 CSR 240-20.093(1)(F) includes the inputs, then "methodology" in 4 CSR 240-20.093(1)(EE) *also includes* the inputs, which means it would have to read as follows (original language stricken; new language **underlined/bold**):

[8] At the Staff's urging: the methodology "necessarily encompasses the formula, the inputs, and the results of the calculation." Staff's Response to Ameren Missouri's Motion for Summary Determination, p. 9.

> the ~~methodology~~ **inputs** approved by the commission in a utility's filing for demand-side program approval to allow the utility to receive a portion of annual net shared benefits achieved and documented through EM&V reports.

Consequently, the utility incentive component of the DSIM approved by the Commission back in 2012, and which is binding on the Commission and the Company and customers the entire term of its operation, consists of the "inputs approved by the Commission" in Ameren Missouri's MEEIA plan filing. The Commission didn't approve the MEEIA filing in this complaint case; it approved it in 2012, and under its definition of "methodology" it approved the inputs because they are one in the same, or so says the Order.

Those inputs could *only have been those from the 2011* IRP, because it was impossible for the inputs to be from the 2014 IRP *at the time the plan was approved in 2012 because the 2014 IRP did not yet exist*. The Order has thus proven what the Company has said all along: a MEEIA plan is approved, and the methodology used to determine avoided cost estimates used in the MEEIA plan filing must be from the last IRP's preferred plan before the MEEIA plan filing is made and, throughout the operation of the plan, that same methodology must be used. Consequently, in the context of this case, had the Company used a different methodology to determine avoided cost estimates for its 2014 IRP it could not have implemented that new methodology in its already-approved and still-operating MEEIA plan, because the methodology was approved in 2012 when the MEEIA plan was approved.

The Commission cannot have it both ways. "Methodology" either is a process, a procedure, or it is the inputs that are "put in" the formula; the methodology. If it is the latter – and the Order says it is – the Commission locked those inputs in in 2012 because 4 CSR 240-20.093(1)(F) says so. Yet if that is so, the Order is at odds with 4 CSR 240-20.093(1)(F), rendering it unlawful.

4. The Commission erred in several other ways.

- The Commission attempts to justify the result it reaches by arguing that the utility incentive component must be connected to how much money "ratepayers actually saved." Order, p. 5. The undisputed material facts are that all of the "avoided costs" at issue are long-term (i.e., 20-year, forward-looking) *estimates* that change all of the time, and that will change many more times over the life of the demand-side measures installed under the MEEIA plan at issue in this case. We will never know what "ratepayers actually saved" and we certainly don't know that now.
- The Commission attempts to justify its Order by interpreting methodology "in the context of this rule." Order, p. 5. The rule is not ambiguous; it must be applied according to its plain and ordinary meaning. For the reasons given above, under the plain and ordinary meaning of "methodology," the avoided cost estimates cannot be changed when determining the net benefits.
- The Commission also attempts to justify the Order by discussing what it views as the purpose of the utility incentive component: to provide an earnings opportunity in the future in lieu of earnings that the Company might realize if it built supply-side resources instead of operating demand-side programs. It then indicates that the earnings on supply-side resources are dependent on energy and capacity prices in the market. Particularly in a situation where the utility, as here, has a fuel adjustment clause that tracks 95% of the changes in energy and capacity costs and revenues, the earnings on supply-side investments depends largely on the cost of

equity over the long lives of those assets and only minimally on changes in market prices.

- The plan itself (see pages 25-30), which was not changed by the stipulation, confirms that the utility incentive component was designed to produce a particular *dollar amount* depending on the percentage of the MWh targets that was actually achieved by the Company. The reason it was designed to produce a *dollar amount* is because of its purpose – to act as a proxy for foregone earnings (in dollars) arising from avoided or delayed investments in infrastructure, *just as the Order recognizes*. In order to produce the dollar amounts needed to neutralize the lost infrastructure-related earnings that would not materialize because of the energy efficiency programs, a percentage of net benefits, *based on the avoided cost estimates that underlie the plan*, had to be determined at various performance levels and that is what was approved by the Commission when it approved the plan. If different avoided cost estimates must now be used (and the Order says they must), then the only way to achieve the purpose of the utility incentive component – the purpose the Order itself recognizes – is to take these new "inputs" and plug them into the formula used to determine what percentage of net benefits is needed to produce the dollars needed to cover the foregone earnings at various performance levels because the dollar values are based on foregone earnings. They have nothing to do with the percentages.
- The Commission also ignored the fact that its interpretation of its rule (which it was not entitled to do except according to its plain meaning) leads to illogical and absurd results. That is, it makes absolutely no sense for the Commission to require a host

of information that depends on the avoided cost estimates that underlie the MEEIA plan filing, and to then decide whether to approve the MEEIA plan filing based on that information, if in fact different avoided cost estimates will later be substituted. And it makes no sense for a utility incentive component to depend on the lottery that energy and capacity market prices create – since they are beyond the utility's control – and this is particularly true if, as the Commission indicates, the purpose of the utility incentive component is to provide earnings opportunities to replace those lost from less investment (or delayed investment) in supply-side resources. The law teaches that rules, just as are statutes, are to be interpreted in a manner that avoids illogical and absurd results. *Knob Noster Educ. v. Knob Noster R-VIII Sch. Dist.*, 101 S.W.3d 356 (Mo. Ct. App. 2003) (Statutes are to be interpreted to avoid illogical or absurd results); *Tate v. Dir. of Revenue*, 982 S.W.2d 724, 728 (Mo. App. E.D. 1998) (Administrative rules are interpreted using the same rules as applied when interpreting statutes). The Commission's interpretation leads to just such results, and thus violates these basic legal principles.

Motion for Clarification

If the Commission determines it must deny Ameren Missouri's rehearing request, it should clarify the starting date for use of the new avoided cost estimates that underlie the preferred resource plan reflected in its 2014 IRP (File No. EO-2015-0084). Ameren Missouri selected a new preferred plan at the time it filed the 2014 IRP, on October 1, 2014. Prior to that date, the avoided cost estimates underlying its in-effect preferred plan were those from its 2011 IRP. Consequently, updated avoided cost estimates for use in calculating the performance incentive arising from MWhs saved prior to that date did not exist, meaning the performance incentive calculation arising from those MWhs should be based on the avoided cost estimates that underlie the preferred resource plan still in effect until October 1, 2014. If rehearing is not granted, the Company asks the Commission to clarify that the new avoided cost estimates are not to be used except for MWhs saved on and after October 1, 2014.

WHEREFORE, Ameren Missouri requests the Commission to enter its order granting rehearing in this matter, and based upon the undisputed material facts in this case, to grant the Company summary disposition of this case by dismissing the Staff's complaint with prejudice or, in the alternative, to clarify that the later avoided cost estimates are not applicable to the MWhs saved prior to October 1, 2014.

Respectfully submitted,

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Dated: December 17, 2015

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have on this 17th 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

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE
For MEEIA CYCLE 1 Plan

APPLICABILITY

This Rider EEIC - Energy Efficiency Investment Charge(Rider EEIC) is applicable to all kilowatt-hours (kWh) of energy supplied to customers served by Ameren Missouri (Company) under Service Classification Nos. 1(M), 2(M), 3(M), 4(M), 11(M), and 12(M), excluding kWh of energy supplied to "opt-out" or "low-income" customers.

* An Ameren Missouri low-income customer who has received assistance from Missouri Energy Assistance (a.k.a. Low Income Home Energy Assistance Program or LIHEAP), Winter Energy Crisis Intervention Program, or Summer Energy Crisis Intervention Program and (i) whose account has not automatically been exempted from Rider EEIC, or (ii) who has been charged Rider EEIC charges and whose account has not been credited for said charges, may provide the Company, via facsimile to **866.297.8054**, via email to **myhomeamerenmissouri@ameren.com**, or via regular mail to **Ameren Missouri, P.O. Box 790352, St. Louis, MO 63179-0352**

a. documentation of the assistance received in the form of:

   i. a copy of the Division of Social Services Family Support Division ("DSSFSD") form EA-7 energy assistance payment notice received by the low-income customer, or

   ii. a copy of the DSSFSD LIHEAP Energy Assistance direct payment check received by the low-income customer, or

   iii. a copy of the Contract Agency energy crisis intervention program ("ECIP") payment notification letter received by the low-income customer, or

   iv. a printout of the low-income customer's DSSFSD LIHEAP EA E1RG System Registration screen identifying the supplier, benefit amount and payment processing date.

b. Upon receipt of the documentation, the Company will credit the low-income customer's account for:

   i. energy efficiency investment charges, and

   ii. any municipal charges attributable to said EEIC charges, that were previously charged to the low-income customer within twelve billing months following the documented receipt of energy assistance; provided that the low-income customer shall not be entitled to any credit, nor shall Company credit the low-income customer, for energy efficiency investment charges and associated municipal charges incurred and billed prior to the June 2015 commencement of the low-income exemption.

c. Upon receipt of the documentation, for the remainder of the twelve months following the documented receipt of energy assistance, the Company will exempt such low-income customer from any Rider EEIC charges thereafter imposed. The exemption will be evidenced on the low-income customer's bill as an EEIC charge, followed by a credit.

Charges passed through this Rider EEIC reflect the charges approved to be collected from the implementation of the MEEIA Cycle 1 Plan. Those charges include: 1) projected Program Costs, projected Ameren Missouri's TD-NSB Share and Performance Incentive Award (if any) for each Effective Period,

* Indicates Addition.

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA CYCLE 1 Plan

* **APPLICABILTIY (Cont'd.)**

2) Reconciliations, with interest, to true-up for differences between the revenues billed under this Rider EEIC and total actual monthly amounts for: i) Program Costs incurred, ii) Ameren Missouri's TD-NSB Share incurred, and iii)amortization of any Performance Incentive Award ordered by the Missouri Public Service Commission (Commission) and 3)any Ordered Adjustments. Charges under this Rider EEIC shall continue after the anticipated December 31, 2015 end of MEEIA Cycle 1 Plan until such time as the charges described in items 1), 2) and 3) in the immediately preceding sentence have been billed. Charges arising from the MEEIA Cycle 1 Plan that are the subject of this Rider EEIC shall be reflected in one "Energy Efficiency Invest Chg" on customers' bills in combination with any charges arising from a rider that is applicable to post-MEEIA Cycle 1 Plan demand-side management programs approved under the Missouri Energy Efficiency Investment Act.

* **DEFINITIONS**

As used in this Rider EEIC, the following definitions shall apply:

"Ameren Missouri's TD-NSB Share" means 26.34% of the TD-NSB multiplied by the Time-Value Adjustment Factor.

"Effective Period" (EP) means the twelve (12) billing months beginning with the February billing month and ending with the January billing month. Where an additional EEIC filing is made during a calendar year, the Effective Period for such a filing shall begin with the June or October billing month and end with the subsequent January billing month.

"Evaluation Measurement & Verification - Net Shared Benefits" (EM&V-NSB) means the 2013 present value of the lifetime avoided costs (i.e., avoided energy, capacity, transmission and distribution, and probable environmental compliance costs) for the MEEIA Cycle 1 Plan using the EM&V results described in paragraph 11 of the Stipulation less the 2013 present value of Program Costs. Paragraphs 5.b.ii and 6. c. of the Stipulation provide further description of the EM&V-NSB.

"MEEIA Cycle 1 Plan" has the same meaning as the defined term "Plan" provided for in paragraph 4 of the Stipulation, as it may be hereafter amended by Commission-approved amendments to the Stipulation.

"MWH Target" has the meaning provided for in paragraph 5.b.ii and Appendix B of the Stipulation.

"Program Costs" means program expenditures, including such items as program design, administration, delivery, end-use measures and incentive payments, evaluation, measurement and verification, market potential studies and work on the Technical Resource Manual (TRM).

"Low-Income" customers means those Service Classification 1(M)-Residential customers eligible for the low income exemption provisions contained in Section 393.1075.6, RSMo. As approved in File No. ER-2014-0258, customers eligible under this definition will be exempt from Rider EEIC charges for 12 billing months following assistance received from either Missouri Energy Assistance (a.k.a. Low Income Home Energy Assistance Program or LIHEAP), Winter Energy Crisis Intervention Program, Summer Energy Crisis Intervention Program, the Company's Keeping Current Low Income Pilot Program, and/or the Company's Keeping Cool Low Income Pilot Program.

* Indicates Reissue.

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YE-2016-0191

RIDER EEIC

ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)

For MEEIA CYCLE 1 Plan

* **DEFINITIONS (Cont'd.)**

"Performance Incentive Award" means the sum of a two-year annuity (using 6.95% as a discount rate and not discounting the first period) of a percentage of EM&V-NSB as described below and further described in paragraph 5.b.ii and Appendix B of the Stipulation:

Percent of MWH Target	Percent of EM&V-NSB*
<70	0.00%
70	4.60%
80	4.78%
90	4.92%
100	5.03%
110	5.49%
120	5.87%
130	6.19%
>130	6.19%

*Includes income taxes (i.e. results in revenue requirement without adding income taxes). The percentages are interpolated linearly between the performance levels.

"Stipulation" means the Stipulation and Agreement approved by the Commission in its order effective August 11, 2012, as amended by order effective December 29, 2012, in File No. EO-2012-0142, as it may be amended further by subsequent Commission orders.

"Throughput Disincentive - Net Shared Benefits" (TD-NSB)means the 2013 present value of the lifetime avoided costs (i.e., avoided energy, capacity, transmission and distribution, and probable environmental compliance costs) for the MEEIA Cycle 1 Plan using the deemed values in the TRM, less the 2013 present value of Program Costs as further described in paragraphs 5.b.i and 6. b. of the Stipulation.

"Time-Value Adjustment Factor" means the factor used each month to convert Ameren Missouri's TD-NSB Share from a present value into a nominal revenue requirement. The factor is [1.0695 ^ (Calendar Year - 2013)].

ENERGY EFFICIENCY INVESTMENT RATE (EEIR) DETERMINATION

The EEIR during each applicable EP is a dollar per kWh rate for each Service Classification calculated as follows:

$$EEIR = [NPC + NTD + NPI + NOA]/PE$$

Where:

NPC = Net Program Costs for the applicable EP as defined below,

$$NPC = PPC + PCR$$

PPC = Projected Program Costs is an amount equal to Program Costs projected by the Company to be incurred during the applicable EP.

PCR = Program Costs Reconciliation is equal to the cumulative difference, if any, between the PPC revenues billed resulting from the application of the EEIR and the actual Program Costs incurred through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest charged at the Company's monthly short-term borrowing rate.

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Missouri Public
Service Commission
YE-2016-0191

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RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA CYCLE 1 Plan

EEIR DETERMINATION (Cont'd.)

* NTD = Net Throughput Disincentive for the applicable EP as defined below,

NTD = PTD + TDR

* PTD = Projected Throughput Disincentive is 90% of Ameren Missouri's TD-NSB Share projected by the Company to be incurred during the applicable EP.

* TDR = Throughput Disincentive Reconciliation is equal to the cumulative difference, if any, between the PTD revenues billed resulting from the application of the EEIR and 100% of Ameren Missouri's TD-NSB Share through the end of the previous EP as adjusted for the inputs described in paragraph 6.b. of the Stipulation, (which will reflect projections through the end of the previous EP due to timing of adjustments). Prior to the beginning of the February 2014 billing month, such amounts shall include monthly interest charged at the Company's monthly Allowance for Funds Used During Construction (AFUDC) rate. Beginning with the start of the February 2014 billing month, any cumulative difference and all subsequent amounts shall include monthly interest charged at the Company's monthly short-term borrowing rate.

NPI = Net Performance Incentive for the applicable EP as defined below,

NPI = PI + PIR

PI = Performance Incentive is equal to the Performance Incentive Award monthly amortization multiplied by the number of billing months in the applicable EP.

The monthly amortization shall be determined by dividing the Performance Incentive Award by the number of available billing months between the first billing month of the first EEIR filing after the determination of the Performance Incentive Award and 24 calendar months following the end of the annual period in which the Performance Incentive Award is determined.

The number of applicable billing months in the EP shall be the number of applicable billing months less the number of months including Performance Incentive Award amortization from previous EPs.

PIR = Performance Incentive Reconciliation is equal to the cumulative difference, if any, between the PI revenues billed resulting from the application of the EEIR and the monthly amortization of the Performance Incentive Award through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest charged at the Company's monthly short-term borrowing rate.

NOA = Net Ordered Adjustment for the applicable EP as defined below,

NOA = OA + OAR

* Indicates Reissue.

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA CYCLE 1 Plan

EEIR DETERMINATION (Cont'd.)

* OA = Ordered Adjustment is the amount of any adjustment to the EEIC ordered by the Commission as a result of prudence reviews and/or corrections under this Rider EEIC. Such amounts shall include monthly interest at the Company's monthly short-term borrowing rate.

* OAR = Ordered Adjustment Reconciliation is equal to the cumulative difference, if any, between the OA revenues billed resulting from the application of the EEIR and the actual OA ordered by the Commission through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest charged at the Company's monthly short-term borrowing rate.

PE = Projected Energy, in kWh, forecasted to be delivered to the customers to which the Rider EEIC applies during the applicable EP.

The EEIR components and Total EEIR applicable to the individual Service Classifications shall be rounded to the nearest $0.000001.

Allocations of charges for each Service Classification for the MEEIA Cycle 1 Plan will be made in accordance with the Stipulation.

This Rider EEIC shall not be applicable to customers that have satisfied the opt-out provisions contained in Section 393.1075.7, RSMo or the low-income exemption provisions described herein.

FILING

The Company shall make an EEIC filing each calendar year to be effective for the subsequent calendar year's February billing month. The Company is allowed or may be ordered by the Commission to make one other EEIC filing in each calendar year with such subsequent filing to be effective beginning with either the June or October billing month. Rider EEIC filings shall be made at least sixty (60) days prior to their effective dates.

PRUDENCE REVIEWS

A prudence review shall be conducted no less frequently than at twenty-four (24) month intervals in accordance with 4 CSR 240-20.093(10). Any costs which are determined by the Commission to have been imprudently incurred or incurred in violation of the terms of this Rider EEIC shall be addressed through an adjustment in the next EEIR determination and reflected in factor OA above.

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* Indicates Reissue.

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RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE
For MEEIA Cycle 2 Plan

APPLICABILITY

This Rider EEIC - Energy Efficiency Investment Charge (Rider EEIC) is applicable to all kilowatt-hours (kWh) of energy supplied to customers served under Company's Service Classification Nos. 1(M), 2(M), 3(M), 4(M), 11(M), and 12(M), excluding kWh of energy supplied to "opt-out" or "low-income" customers.

An Ameren Missouri low-income customer who has received assistance from Missouri Energy Assistance (a.k.a. Low Income Home Energy Assistance Program or LIHEAP), Winter Energy Crisis Intervention Program, or Summer Energy Crisis Intervention Program and (i) whose account has not automatically been exempted from Rider EEIC, or (ii) who has been charged Rider EEIC charges and whose account has not been credited for said charges, may provide the Company, via facsimile to **866.297.8054**, via email to myhomeamerenmissouri@ameren.com, or via regular mail to **Ameren Missouri, P.O. Box 790352, St. Louis, MO 63179-0352**

a. documentation of the assistance received in the form of:

   i. a copy of the Division of Social Services Family Support Division ("DSSFSD") form EA-7 energy assistance payment notice received by the low-income customer, or

   ii. a copy of the DSSFSD LIHEAP Energy Assistance direct payment check received by the low-income customer, or

   iii. a copy of the Contract Agency energy crisis intervention program ("ECIP") payment notification letter received by the low-income customer, or

   iv. a printout of the low-income customer's DSSFSD LIHEAP EA E1RG System Registration screen identifying the supplier, benefit amount and payment processing date.

b. Upon receipt of the documentation, the Company will credit the low-income customer's account for:

   i. energy efficiency investment charges, and

   ii. any municipal charges attributable to said EEIC charges, that were previously charged to the low-income customer within twelve billing months following the documented receipt of energy assistance; provided that the low-income customer shall not be entitled to any credit, nor shall Company credit the low-income customer, for energy efficiency investment charges and associated municipal charges incurred and billed prior to the June 2015 commencement of the low-income exemption.

c. Upon receipt of the documentation, for the remainder of the twelve months following the documented receipt of energy assistance, the Company will exempt such low-income customer from any Rider EEIC charges thereafter imposed. The exemption will be evidenced on the low-income customer's bill as an EEIC charge, followed by a credit.

Charges passed through this Rider EEIC reflect the charges approved to be billed from the implementation of the Missouri Energy Efficiency Investment Act (MEEIA) 2016-18 Plan and any remaining unrecovered balances from the MEEIA 2013-15 plan. Those charges include:

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EO-2015-0055; YE-2016-0198

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA Cycle 2 Plan

APPLICABILITY (Cont'd.)

1) Program Costs, Company's Throughput Disincentive ((TD) and Earnings Opportunity (EO) Award (if any) for each Effective Period (EP)

2) Reconciliations, with interest, to true-up for differences between the revenues billed under this Rider EEIC and total actual monthly amounts for:

   i) Program Costs incurred in the MEEIA 2016-18 Plan and/or remaining unrecovered Program balances for MEEIA 2013-15, and

   ii) Company's TD incurred in the MEEIA 2016-18 Plan and/or remaining TD-NSB Share balances for MEEIA 2013-15, and

   iii) Amortization of Earnings Opportunity ordered by the Missouri Public Service Commission (Commission) and/or remaining balances for the MEEIA 2013-15 Performance Incentive,

3) Any Ordered Adjustments.

Charges under this Rider EEIC shall continue after the anticipated February 28, 2019 end of MEEIA 2016-18 Plan until such time as the charges described in items 1), 2), and 3) above have been billed.

Charges arising from the MEEIA 2016-18 Plan that are the subject of this Rider EEIC shall be reflected in one "Energy Efficiency Invest Chg" on customers' bills in combination with any charges arising from a rider that is applicable to the MEEIA 2013-15 Plan demand-side management programs.

DEFINITIONS

As used in this Rider EEIC, the following definitions shall apply:

"AFUDC" means the Allowance for Funds Used During Construction rate computed in accordance with the formula prescribed in the Code of Federal Regulations Title 18 Part 101.

"Company's Throughput Disincentive" (TD) means to represent the utility's lost margins associated with the successful implementation of MEEIA programs. The detailed method for calculating the TD is described in Tariff Sheets 91.6 - 91.8.

"Earnings Opportunity" (EO) means the amount ordered by the Commission based on actual performance verified through Evaluation Measurement & Verification (EM&V) against planned targets. The details of determining EO are described herein.

"Effective Period" (EP) means the twelve (12) billing months beginning with the February billing month and ending with the January billing month. Where an additional Rider EEIC filing is made to change the EEIR components during a calendar year, the EP for such a filing shall begin with the June or October billing month and end with the subsequent January billing month.

"End Use Category" means the unique summary category of end-use load shapes. The list of End Use Categories is includes in Appendix E to the Stipulation.

"Evaluation Measurement & Verification " (EM&V) means the performance of studies and activities intended to evaluate the process of the Company's program delivery and oversight and to estimate and/or verify the estimated actual energy and demand savings, cost effectiveness, and other effects from demand-side programs.

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA Cycle 2 Plan

DEFINITIONS (Cont'd.)

"Incentive" means any consideration provided by the Company, including, but not limited to, buy downs, markdowns, rebates, bill credits, payments to third parties, direct installation, giveaways, and education, which encourages the adoption of program measures.

"Low-Income" customers means those Service Classification 1(M)-Residential customers eligible for the low income exemption provisions contained in Section 393.1075.6, RSMo. As approved in File No. ER-2014-0258, customers eligible under this definition will be exempt from Rider EEIC charges for 12 billing months following assistance received from either Missouri Energy Assistance (a.k.a. Low Income Home Energy Assistance Program or LIHEAP), Winter Energy Crisis Intervention Program, Summer Energy Crisis Intervention Program, the Company's Keeping Current Low Income Pilot Program, and/or the Company's Keeping Cool Low Income Pilot Program.

"Measure" means energy efficiency measures described for each program attached as Appendix B to the Stipulation

"MEEIA 2013-15 Plan" means Company's "2013-15 Energy Efficiency Plan" submitted in File No. EO-2012-0142 and its corresponding tariff sheets.

"MEEIA 2016-18 Plan" means Company's "2016-18 Energy Efficiency Plan" submitted in File No. EO-2015-0055 and modified by the Stipulation.

"Programs" means MEEIA 2016-18 programs listed in tariff sheet no. 174 and added in accordance with the Commission's rule 4 CSR 240-20.094(4).

"Program Costs" means any prudently incurred program expenditures, including such items as program planning, program design, administration, delivery, end-use measures and incentive payments, advertising expense, evaluation, measurement and verification, market potential studies and work on a utility and/or statewide Technical Resource Manual (TRM).

"TRM" means the Company's Technical Resource Manual (attached as Appendix F to the Stipulation) and updated based on EM&V ex-post gross adjustments determined for Year 1 no later than twenty-four (24) months after commencement of MEEIA 2016-18.

"Stipulation" means the Stipulation and Agreement approved by the Commission in File No. EO-2015-0055, as it may be amended further by subsequent Commission orders.

RIDER EEIC

ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)

For MEEIA Cycle 2 Plan

ENERGY EFFICIENCY INVESTMENT RATE (EEIR) DETERMINATION

The EEIR during each applicable EP is a dollar per kWh rate for each applicable Service Classification calculated as follows:

EEIR = [NPC + NTD + NEO + NOA]/PE

Where:

NPC = Net Program Costs for the applicable EP as defined below,

NPC = PPC + PCR

PPC = Projected Program Costs is an amount equal to Program Costs projected by the Company to be incurred during the applicable EP.

PCR = Program Costs Reconciliation is equal to the cumulative difference, if any, between the PPC revenues billed resulting from the application of the NPC component of the EEIR and the actual Program Costs incurred through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest charged at the Company's monthly short-term borrowing rate. Any remaining PCR balance from MEEIA Cycle 1 shall be rolled into the PCR calculation starting February 2017.

NTD = Net Throughput Disincentive for the applicable EP as defined below,

NTD = PTD + TDR

PTD = Projected Throughput Disincentive is the Company's TD projected by the Company to be incurred during the applicable EP. For the detailed method for calculating the TD, see Sheet 91.6.

TDR = Throughput Disincentive Reconciliation is equal to the cumulative difference, if any, between the PTD revenues billed during the previous EP resulting from the application of the NTD component of the EEIR and the Company's TD through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest charged at the Company's monthly short-term borrowing rate. Any remaining TDR balance from MEEIA Cycle 1 shall be rolled into the TDR calculation starting February 2017.

NEO = Net Earnings Opportunity for the applicable EP as defined below,

NEO = EO + EOR

EO = Earnings Opportunity is equal to the Earnings Opportunity Award monthly amortization multiplied by the number of billing months in the applicable EP.

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA Cycle 2 Plan

EEIR DETERMINATION (Cont'd.)

The monthly amortization shall be determined by dividing the Earnings Opportunity Award by the number of available billing months between the first billing month of the first EEIR filing after the determination of the Earnings Opportunity Award and 24 calendar months following the end of the annual period in which the Earnings Opportunity Award is determined.

The number of applicable billing months in the EP shall be the number of applicable billing months less the number of months including Earnings Opportunity Award amortization from previous EPs.

EOR = Earnings Opportunity Reconciliation is equal to the cumulative difference, if any, between the EO revenues billed resulting from the application of the NEO+NPI component of the EEIR and the monthly amortization of the Performance Incentive Award through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest charged at the Company's monthly short-term borrowing rate. Any remaining PIR balance from MEEIA Cycle 1 shall be rolled into the EOR calculation starting February 2019.

NOA = Net Ordered Adjustment for the applicable EP as defined below,

NOA = OA + OAR

OA = Ordered Adjustment is the amount of any adjustment to the Rider EEIC ordered by the Commission as a result of prudence reviews and/or corrections under this Rider EEIC. Such amounts shall include monthly interest at the Company's monthly short-term borrowing rate.

OAR = Ordered Adjustment Reconciliation is equal to the cumulative difference, if any, between the OA revenues billed resulting from the application of the EEIR and the actual OA ordered by the Commission through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest charged at the Company's monthly short-term borrowing rate.

PE = Projected Energy, in kWh, forecasted to be delivered to the customers to which the Rider EEIC applies during the applicable EP.

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA Cycle 2 Plan

EEIR DETERMINATION (Cont'd.)

The EEIR components and Total EEIR applicable to the individual Service Classifications shall be rounded to the nearest $0.000001.

Allocations of charges for each applicable Service Classification for the MEEIA 2016-18 Plan will be made in accordance with the Stipulation and Agreement in File No. EO-2015-0055, Company's MEEIA 2016-18 Plan.

This Rider EEIC shall not be applicable to customers that have satisfied the opt-out provisions contained in Section 393.1075.7, RSMo or the low-income exemption provisions described herein.

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA Cycle 2 Plan

TD DETERMINATION

Monthly TD is the sum of the TD calculation for all End Use Categories applicable to Service Classifications as set out in the Availability section herein.

The TD for each End Use Category shall be determined by the following formula:

$$TD = MS \times NMR \times NTGF$$

Where:

TD = Throughput Disincentive, in dollars, to be collected for a given month, for a given Service Classification.

MS = Monthly Savings, is the sum of all programs' monthly savings, in kWh, for a given month, for a given Service Classification. The MS for each End Use Category shall be determined by the following formula:

$$MS = ((MAS_{CM} / 2) + CAS_{PM} - RB) \times LS$$

Where:

MAS_{CM} = The sum of (MC x ME) for all measures in a program in the current calendar month.

MC = Measure Count. MC for a given month, for a given Service Classification, for each measure, is the number of each measure installed in the current calendar month. For the Home Energy Report program, the number of reports mailed during the current calendar month shall be used as the Measure Count.

ME = Measure Energy. ME will be determined as follows, for each Measure:

a. Prior to finalization of EM&V for MEEIA 2016-18 Plan, Year 1 programs, for Measures not listed under those programs listed in (c) below, the ME is the annual total of normalized savings for each measure at customer meter per measure defined in the Company's Technical Resource Manual (TRM).

b. After finalization of EM&V for MEEIA 2016-18 Plan, Year 1 programs, for Measures not listed under those programs listed in (c) below, the ME is the annual total of normalized savings for each measure at customer meter per measure defined in the updated TRM (which will be updated based on EM&V ex-post gross adjustments determined for Year 1 no later than 24 months after the commencement of MEEIA 2016-18 Plan).

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RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA Cycle 2 Plan

TD DETERMINATION (Cont'd.)

c. For Measures under the -Business Custom Incentive Program, Business New Construction Incentive Program, and Business Retro-Commissioning Program, the ME will be the annual value attributable to the installations reported monthly by the program implementer.

CM = Current calendar month.

CAS = Cumulative sum of MAS of all prior calendar months for each End Use Category for the MEEIA 2016-18 Plan.

PM = Prior calendar month.

RB = Rebasing Adjustment. The RB shall equal the CAS applicable as of the date used for MEEIA normalization when base rates are adjusted in any general electric rate case or otherwise resulting in new retail electric rates becoming effective during the accrual and collection of TD pursuant to this MEEIA 2016-18 Plan. In the event base rates are adjusted by more than one general electric rate case or otherwise resulting in new rates becoming effective during the accrual and collection of TD pursuant to this MEEIA 2016-18 Plan occurs, the RB adjustment shall include each and every prior RB adjustment calculation.

LS = Load Shape. The LS is the monthly load shape percent (%) for each End-Use Category (attached as Appendix E to the Stipulation).

NMR = Net Margin Revenue. NMR values for each applicable Service Classification are as follows:

	Service Classifications				
Month	1(M)Res $/kWh	2(M)SGS $/kWh	3(M)LGS $/kWh	4(M)SPS $/kWh	11(M)LPS $/kWh
January	0.043434	0.048788	0.036637	0.034915	0.029993
February	0.044138	0.048894	0.037264	0.035047	0.030043
March	0.045304	0.051013	0.038341	0.035644	0.031535
April	0.046874	0.054946	0.039250	0.036748	0.030815
May	0.049491	0.059735	0.040815	0.038016	0.031955
June	0.103908	0.090608	0.077915	0.072737	0.058070
July	0.103908	0.090608	0.075872	0.072470	0.059464
August	0.103908	0.090608	0.076876	0.071831	0.057987
September	0.103908	0.090608	0.076056	0.071710	0.058871
October	0.047785	0.056412	0.039397	0.036715	0.032203
November	0.049057	0.057213	0.039835	0.036993	0.032565
December	0.044989	0.052135	0.038004	0.035835	0.030688

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA Cycle 2 Plan

TD DETERMINATION (Cont'd.)

The Company shall file an update to NMR rates by month by Service Classification contemporaneous with filing any compliance tariff sheets in any general electric rate case reflecting the rates set in that case, and the billing determinants used in setting rates in such case. Updates to the NMR values shall be calculated following the same process described on pages 32-35 of the Company's filed December 22, 2014 2016-18 Energy Efficiency Plan.

NTGF = Net To Gross Factor. The initial NTGF is 0.85. Upon completion of the three year cycle, the final portfolio Net To Gross factor applied for the Earnings Opportunity shall be used as the NTGF prospectively starting with the month in which the Earnings Opportunity is determined.

Annual kWh savings per measure will be updated prospectively in the Company's TRM no later than twenty-four (24) months after the commencement of the plan based on EM&V ex-post gross adjustments determined for Year 1.

The Company shall file a general electric rate case at some point before February 28, 2021 to make a Rebasing Adjustment to rebase the TD arising from the MEEIA 2016-18 plan in its entirety, and if Company fails to do so, the accrual and collection of the TD terminates beginning March 1, 2021. The filing of a general electric rate case utilizing an update or true-up period that ends between thirty (30) months and sixty (60) months after the effective date of the electric tariff sheets implementing MEEIA 2016-18 satisfies this requirement. For the rate case used to rebase the TD arising from the MEEIA 2016-18 plan in its entirety, the MEEIA normalization shall reach forward as far as the effective date of new rates in that rate case.

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA Cycle 2 Plan

EO DETERMINATION

EO shall be calculated using the matrix below. EO will not go below zero dollars ($0). The EO at 100% is $27,471,935. Before adjustments reflecting TD EM&V including NTG, the EO cannot go above $38,783,516. The EO including adjustments reflecting TD EM&V including NTG cannot go above $53,783,516. The cap is based on current program levels. If Commission approved new programs are added in years 2017 and 2018, the Company may seek Commission approval to have the targets and the cap of the EO matrix scale adjusted. EO shall be adjusted for the difference, with carrying cost at the Company's monthly Allowance for Funds Used During Construction (AFUDC) rate compounded semi-annually, between TD billed and what TD billed would have been if:

(1) The ME used in the calculation were the normalized savings for each measure at customer meter per measure determined through EM&V ex-post gross analysis for each program year, and

(2) The NTGF used in the calculation was the net-to-gross values determined through EM&V, except that if the NTGF value determined through EM&V is less than 0.80, the recalculation shall use 0.80 and if the NTG value determined through EM&V is greater than 1.0, the recalculation shall use 1.0.

EARNINGS OPPORTUNITY MATRIX

	Ameren Missouri						
Performance Metric	Payout Rate	Payout Unit	% of Target EO	100% payout	Target @ 100%	Cap/100% Multiplier	Cap
Home Energy Report criteria will be effective, prudent spend of budget	n/a		7.28%	$ 2,000,000			$ 2,000,000
EE MWh (Excl. Home Energy Report, TStat & LIMF): criteria will be the cumulative of the 1st yr incremental MWh during the 3 year plan	$ 7.50	$/MWh	14.09%	$ 3,871,935	516,258	130%	$ 5,033,516
EE Coincident MW (Excl. Home Energy Report, TStat & LIMF): criteria will be cumulative of the 2023 MW reduction, coincident with system peak	$141,428.57	$/MW	72.07%	$ 19,800,000	140	150%	$ 29,700,000
Number of Learning Thermostats Installed	$ 30.62	$/Unit	1.82%	$ 500,000	16,331	150%	$ 750,000
Low Income Multi-Family (LIMF): criteria will be effective, prudent spend of budget	n/a		4.73%	$ 1,300,000			$ 1,300,000
				$ 27,471,935			$ 38,783,516
Total Cap Including TD Adjustments							$ 53,783,516

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RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
For MEEIA Cycle 2 Plan

FILING

The Company shall make a Rider EEIC filing each calendar year to be effective for the subsequent calendar year's February billing month. The Company is allowed or may be ordered by the Commission to make one other Rider EEIC filing in each calendar year with such subsequent filing to be effective beginning with either the June or October billing month. Rider EEIC filings shall be made at least sixty (60) days prior to their effective dates.

PRUDENCE REVIEWS

A prudence review shall be conducted no less frequently than at twenty-four (24) month intervals in accordance with 4 CSR 240-20.093(10). Any costs which are determined by the Commission to have been imprudently incurred or incurred in violation of the terms of this Rider EEIC shall be addressed through an adjustment in the next EEIR determination and reflected in factor OA herein.

RIDER EEIC
ENERGY EFFICIENCY INVESTMENT CHARGE (Cont'd.)
(Applicable To Determination of EEIR Beginning March 1, 2016 through the Billing Month of January 2017)

MEEIA 2013-15 EEIR Components (Applicable to MEEIA Cycle 1 Plan)

Service Class	NPC/PE ($/kWh)	NTD/PE ($/kWh)	NPI/PE ($/kWh)	NOA/PE ($/kWh)
1(M)-Residential Service	($0.000807)	($0.000248)	$0.000000	$0.000000
2(M)-Small General Service	($0.000208)	$0.000757	$0.000000	$0.000000
3(M)-Large General Service	($0.000174)	$0.001112	$0.000000	$0.000000
4(M)-Small Primary Service	($0.000148)	$0.001597	$0.000000	$0.000000
11(M)-Large Primary Service	($0.000089)	$0.001504	$0.000000	$0.000000
12(M)-Large Transmission Service	$0.000000	$0.000000	$0.000000	$0.000000

MEEIA 2016-18 EEIR Components (Applicable to MEEIA Cycle 2 Plan)

Service Class	NPC/PE ($/kWh)	NTD/PE ($/kWh)	NEO/PE ($/kWh)	NOA/PE ($/kWh)
1(M)-Residential Service	$0.001902	$0.000191	$0.000000	$0.000000
2(M)-Small General Service	$0.001618	$0.000045	$0.000000	$0.000000
3(M)-Large General Service	$0.001618	$0.000062	$0.000000	$0.000000
4(M)-Small Primary Service	$0.001618	$0.000062	$0.000000	$0.000000
11(M)-Large Primary Service	$0.001618	$0.000060	$0.000000	$0.000000
12(M)-Large Transmission Service	$0.000000	$0.000000	$0.000000	$0.000000

Summary EEIR Components and Total EEIR

Service Class	NPC ($/kWh)	NTD ($/kWh)	(NEO+NPI) ($/kWh)	NOA ($/kWh)	Total EEIR ($/kWh)
1(M)-Residential Service	$0.001095	($0.000057)	$0.000000	$0.000000	**$0.001038**
2(M)-Small General Service	$0.001410	$0.000802	$0.000000	$0.000000	**$0.002212**
3(M)-Large General Service	$0.001444	$0.001174	$0.000000	$0.000000	**$0.002618**
4(M)-Small Primary Service	$0.001470	$0.001659	$0.000000	$0.000000	**$0.003129**
11(M)-Large Primary Service	$0.001529	$0.001564	$0.000000	$0.000000	**$0.003093**
12(M)-Large Transmission Service	$0.000000	$0.000000	$0.000000	$0.000000	**$0.000000**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren	)	
Missouri's Filing to Implement Regulatory Changes in	)	File No. EO-2012-0142
Furtherance of Energy Efficiency as allowed by MEEIA.	)	

NOTICE

COMES NOW Union Electric Company d/b/a Ameren Missouri and gives notice of the filing of updated Energy Efficiency MWh Goal Adjustment for Opt-Out Customers through December 31, 2015, as attached hereto.

Respectfully submitted,

UNION ELECTRIC COMPANY,
d/b/a Ameren Missouri

/s/ Wendy K. Tatro

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(314) 554-3484 (phone)
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CERTIFICATE OF SERVICE

The undersigned certifies that true and correct copies of the foregoing has been e-mailed or mailed, via first-class United States Mail, postage pre-paid, to the service list of record in this case on this 22nd day of February, 2016.

/s/ Wendy K. Tatro
Wendy K. Tatro

2013-2015 Ameren Missouri Energy Efficiency MWh Goal Adjustment for Opt Out Customers

Date: February, 2016

Purpose: To report the new Business Energy Efficiency Program MWh goal that sets the basis for the performance incentive award related to Ameren Missouri's energy efficiency programs (per the Stipulation and Agreement in MEEIA case EO-2012-0142 paragraph 5.b.ii for the opt out adjustment for true-up based on actual kWh sales). MEEIA 4 CSR 240-20.094 (6) allows certain customers to opt out of energy efficiency programs.

Process: The following describes the process to calculate the MWh goal adjustment based on customers that have opted out. This is a simplified method to determine the adjusted MEEIA MWh target and is consistent with Example No. 2 Performance Level Calculation in Appendix B of the MEEIA Stipulation and Agreement:

- Determine the most current calendar year (January through December) of usage for all accounts that have opted out (excluding lighting and LTS (Rate 12M)).
- Determine the percentage of the billed usage for accounts that have opted out based on the total actual billed usage for the SGS (Rate 2M), LGS (Rate 3M), SPS (Rate 4M), and LPS (Rate 11M) rate classes for the same calendar year.
- The MEEIA planned target was based on the assumed opt-out rate of 20% for Business customers. Revise the annual Business target based on the actual opt out rate using the formula found in Example 2 of Appendix B.
- Apply percentage of billed usage for opt out accounts to the MEEIA approved Business energy savings targets with 0% opt-out to determine new Business Energy Efficiency Program MWh goal set for the current year. See results below.

Prepared by: Daphyne Bradley

Prepared for: Ameren Missouri and EE Regulatory Stakeholder Advisory Group

Approvals: Dan Laurent, Rick Voytas, Bryan Edmundson, Dennis Edmonds, Rich Wright, Shelly Hendry, Wendy Tatro, Bill Davis

The following table provides the baseline assumption from the MEEIA filing document.

Filed MEEIA Targets (MWh) based on 20% Opt Out, January 2012				
	2013	2014	2015	3-Year Cum. Target
RES	165,275	168,237	171,957	505,469
BUS	75,122	87,208	125,303	287,633
Total	240,397	255,445	297,260	793,102

The following table provides the 2015 actual target based on 2015 usage data. All Business targets indicated below were determined using the following formula from Example 2 of Appendix B:

Revised Annual Target = (Annual 20% MWh Target)/(1 - 0.2) * (1 - Actual Annual Opt-Out %)

Adjusted MEEIA Target as of January 2016				
	2013 (Actual)	**2014 (Actual)**	**2015 (Actual)**	**3-Year Cum. Target (Actual)**
RES	165,275	168,237	171,957	505,469
BUS	85,517	95,068	135,249	315,834
Annual Opt Out	8.93%	12.79%	13.65%	
Total	**250,792**	**263,305**	**307,206**	**821,303**

Per the governing Stipulation and Agreement, portfolio MWh targets will be adjusted in January of each year to reflect the impact of business customers that have opted out of the programs.

Reporting Schedule

- January 2013 Calculate initial estimate for 2013 target based on 12 month's usage ending December 2012 and actual 2013 opt-out list.
- January 2014 Calculate initial estimate for 2014 target based on 12 month's usage ending December 2013 and actual 2014 opt-out list. Calculate actual 2013 target based on 2013 usage data and actual 2013 opt-out list.
- January 2015 Calculate initial estimate for 2015 target based on 12 month's usage ending December 2014 and actual 2015 opt-out list. Calculate actual 2014 target based on 2014 usage data and actual 2014 opt-out list.
- January 2016 Calculate actual 2015 target based on 2015 usage data and actual 2015 opt-out list. Calculate 3-year cycle by adding actual 2013, 2014, and 2015 targets.