

**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) File No. EO-2012-0142
Furtherance of Energy Efficiency as allowed by MEEIA.)

AMEREN MISSOURI’S STATEMENT OF POSITION

COMES NOW Union Electric Company d/b/a Ameren Missouri (“Company” or “Ameren Missouri”), by and through counsel, and hereby submits its Statement of Position on the issues submitted to the Commission for decision, which were filed by the Staff on May 15, 2012.

1. Should the Commission approve Ameren Missouri’s application for approval of demand-side program plan, approve it with modification acceptable to Ameren Missouri, or reject it, as provided in 4 CSR 240-20.094(3)?

The Commission should approve Ameren Missouri’s application for approval of demand-side program plan (the “Plan”). The Plan reflects a level of program expenditures specifically designed to achieve the realistically achievable level of energy and demand savings determined in the Ameren Missouri-specific Market Potential Study completed for the Ameren Missouri’s service territory. The program energy and demand savings estimates in the Plan are based to the extent possible upon Evaluation, Measurement & Verification (“EMV”) results from the Company’s very successful “Cycle 1” energy efficiency programs, and lessons learned in running those programs. The Cycle 1 programs ran from approximately 2009 through 2011, and many programs are continuing in a scaled-back form pending the Commission’s approval of the Plan. The Plan will be implemented in a fashion that is similar to that used to implement the successful Cycle 1 programs; that is, by using a robust competitive bidding process to select qualified implementation contractors, to collaborate with those contractors and take advantage of their experience and expertise in developing program details, and to adjust program details as needed to maximize cost-effectiveness.

In addition, approval of the Plan by the Commission would reflect an appropriate step by the Commission in discharging its obligations under MEEIA. Those obligations are to provide timely cost recovery, to align the utility’s financial incentives with helping its customers use energy more efficiently, and to provide timely earnings opportunities.¹ Those obligations are to be discharged in a manner

¹ The Plan does not include reflection of an earnings opportunity in Ameren Missouri’s rates contemporaneously with when the benefits the programs under the Plan will occur. Arguably, failing to reflect the earnings opportunity in a contemporaneous fashion does not produce a timely earnings opportunity, but since this is Ameren Missouri’s first

to support the state policy of applying regulatory policies that allow utilities to value investments in demand-side measures equally with investments in traditional supply-side assets.

The Plan should not be modified as some have advocated, except in the relatively minor ways reflected herein and in the Company's surrebuttal testimony filed in this case. Most importantly, as the Company's 2013-2015 Energy Efficiency Plan ("MEEIA Report") and the Company's testimonies indicate, failure to (a) deem measure savings (i.e. approve the TRM) and net-to-gross factors for the entire three-year program period² and (b) allow contemporaneous recovery of the 15.4% of net benefits that are designed to address the throughput disincentive will result in a direct and negative impact to the Company's earnings. That negative impact will prevent the Company's financial incentives from being aligned with helping customers use energy more efficiently, and thus will fail to satisfy MEEIA's requirements. The modifications proposed by others in this case, if adopted, would prevent the Company from recording revenues relating to the 15.4% of net benefits, resulting in the negative earnings impact caused directly by the success of the Company's energy efficiency programs.

A. Should the Commission approve the application without the inclusion of any demand response programs?

Yes. Demand-response programs are not needed as a capacity resource and are not cost effective during the three-year implementation period (2013-2015). Demand-response programs are also not needed to improve reliability. No party has provided any pre-filed testimony that disputes the fact that demand-response programs are not cost-effective during the three-year program cycle, or that disputes the lack of need during the three-year program period to implement demand-response for reliability reasons.

B. Should the Commission approve the form of Ameren Missouri's DSM programs' exemplar tariff sheets which were attached to the surrebuttal testimony of Daniel Laurent?

Yes. The tariff sheets comply with all Commission rules applicable to DSM program tariff sheets. The Staff's contention that the specific measures and specific incentives must be listed in the tariff sheets themselves, as opposed to effectively being incorporated into the tariff sheets by reference to such information posted on the Company's energy efficiency website, is mistaken. There is no rule that precludes pointing customers to a utility's website for program details. In fact, the Commission has approved energy efficiency tariffs in the past that did just that. Moreover, with respect to the measures, a measure is not a "promotional practice" at all. A "promotional practice" is the

MEEIA filing the Company decided that it would not ask for a contemporaneous reflection for this three-year program cycle.

² Other factors identified in table 38 of the MEEIA report (page 38) are also to be deemed.

consideration; the thing of value, that a utility offers customers to induce them to install or acquire a measure. The Commission's MEEIA rules also do not require that such details be included in the tariff itself. The MEEIA rules simply require a filing to modify a program provision that is no longer "covered by" the tariffs that were approved. If the Commission approves tariffs that specifically contemplate and allow reference to the Company's website, a change to a program detail on the website that the tariffs contemplate and allow *is* covered by the tariff. Finally, the Staff's contention that a rule requires marketing and promotion strategies to be detailed in the tariff sheets is also mistaken. Under the promotional practices rule, a utility must *provide* information about advertising plans to the Commission, but by the express terms of the rule, that information is not listed among the information that *the tariff* must contain. If and to the extent the Commission would believe that there is some technical requirement of one of these rules that would require the level of detail the Staff recommends, the Company has requested a variance from any such requirement.

The basis for the variance request, if applicable, is that in order to achieve the aggressive energy savings targets reflected in the Plan the Company must be able to react quickly if technology, customer preference, market considerations and the like indicate the need to change incentives or incentive levels, or measures. The Company also needs to be able to react quickly if marketing practices or available channels change. The Company has every incentive to make good (prudent) decisions when it makes changes, both because it would be subject to the consequences of a prudence review, and because it has an express incentive built into the Plan to achieve as much energy savings as it can. Moreover, the Staff's contention that it will react quickly and work with the Company to quickly recommend approval (*if* it agrees) of proposed changes does not, practically and in the "real-world," give the Company the flexibility it must have. While the Staff cited two instances where the time between tariff *filing* and tariff approval was relatively short (about two weeks), what the Staff did not discuss is that the actual process of tariff approval was nearly three times as long in each case, and that there have been other instances where the entire process was far longer. Also, both the terms of the Commission's MEEIA rules and the Commission's new communications (*ex parte*) rule also create a substantial potential that any party could substantially delay or even eliminate the Company's ability to make needed changes. The Company's Market Potential Study assumed that to achieve the RAP level of savings there would be no tariff constraints that would inhibit the Company's ability to make changes that it believes it needs to make. If such tariff constraints exist, then the Plan and energy savings targets would have to be materially changed in order to account for the Company's restricted ability to achieve the RAP level of savings.

Furthermore, Ameren Missouri has provided uncontested evidence that leading utility energy efficiency providers do not have detailed tariffs governing

programs. The research provided by the Company indicates its proposal is consistent with best practices.

- i. Should the Commission order Ameren Missouri to provide additional detail in its DSM programs' tariff sheets? If so, what detail?

No. See above.

- ii. Do the DSM programs' exemplar tariff sheets comply with the Commission's Promotional Practices requirements found in 4 CSR 240-3.150 and 4 CSR 240-14.030?

Yes, they do comply. See above.

If not, how do they not comply, and should the Commission grant a variance(s) to the extent they are determined not to comply?

Yes, if the Commission determines otherwise, variances should be granted for good cause shown. See above.

- C. Should the Commission condition the approval of Ameren Missouri's application upon Ameren Missouri filing in this case a total resource cost test for its Residential Refrigerator Recycling and Residential Home Energy Performance programs consistent with the definition in 4 CSR 240-3.164(1)(X); and Ameren Missouri's commitment to conduct a careful and thorough review and analysis of demand-response programs as part of its next DSM market potential study and subsequent Chapter 22 compliance filing and/or annual update filings?

No. The Company agrees that it should exclude the natural gas benefits from the Home Energy Performance (HEP) analysis. The result would be a TRC of 1.09 as opposed to 1.64; therefore, the program is still cost-effective and should be approved. Ameren Missouri has provided testimony illustrating why it is inappropriate to exclude the "incentives" from the TRC for the Refrigerator Recycling program. Regardless of how the TRC is calculated, the Refrigerator Recycling program is cost-effective, which demonstrates that approval of the program should not be contingent on changing the TRC analysis. Finally, there is no reason why the approval of this MEEIA filing should be predicated on a future potential study and/or Chapter 22 analysis of demand response. The fact is that demand response is not cost effective during the implementation period and the Company has excess capacity throughout the implementation period. Any future potential study and Chapter 22 analysis will be done in accordance with best practices and Commission rules. In addition, requiring a "careful and thorough review and analysis" is far too subjective to have any practical meaning and is ultimately unenforceable.

- D. Should the Commission grant the variances requested by Ameren Missouri, including those discussed in Dan Laurent's surrebuttal testimony, necessary to approve the Ameren Missouri's demand-side program plan, as filed?

Yes. See the above statement in response to question 1.B for tariff sheet related variance issues.

With respect to the variances requested related to retrospective recovery, good cause exists to vary the requirement to apply the recovery of net shared benefits on a retrospective basis because allowing prospective recovery in no way diminishes the role of EMV. Since Ameren Missouri is requesting the approval of a TRM in this case, the annual EMV process will be slightly different than in recent history. Relying largely on recent EMV reports, the TRM embodies the most reasonable approximations of the energy savings and costs of end-use measures at this time. Agreeing to the TRM values up front will provide additional transparency to the process and greatly facilitate understanding the performance of the programs. Even with the approval of the TRM, the utility will conduct an impact and process evaluation after the first year, and will also conduct a process evaluation and verification for years two and three. In addition to the Company's EMV processes, the Commission's EMV auditor will provide another report of the utility's EMV efforts. The results of the EMV will then be used to update the TRM for future MEEIA filings. This streamlined process reduces uncertainty and is more pragmatic for assessing energy efficiency programs. It is also important to recognize that most of the proposed energy efficiency programs already have proven track records as they are extensions of programs the Company has offered since 2009.

Retrospective recovery heightens recovery risk and does not allow the utility to value demand-side and supply-side resources equally. First, as program costs are spent the effects are, for practical purposes, immediate. For example, a business customer receives a rebate after the energy efficiency project is complete. So, energy efficiency can be thought of as a continuous stream of demand-side resources becoming "used and useful." It is simply impossible to file monthly rate cases (each taking 11 months) to provide an opportunity for timely recovery. Furthermore, delayed recovery has detrimental effects to the Company's financial position. Including a portion of net benefits in the DSIM to be reflected in the Company's rates mitigates the immediate negative impacts to cash flow and earnings caused by the throughput disincentive. Without the implementation of energy efficiency, the utility would not experience the associated degradation of its financial position.

The annual reporting requirement and the requirement to file for modification if there is a twenty percent (20%) or more variance from the approved demand-side plan three (3)-year budget and/or any program design modification which is no longer covered by the approved tariff sheets for the program are adequate safeguards to allow contemporaneous recovery.

Finally, there is no legal basis to unduly delay recovery, and the MEEIA statute in no way requires EMV to be complete before recovery. In fact, the retrospective recovery is a direct contradiction to the requirement of providing timely cost recovery which is found within MEEIA.

It is also apparent that retrospective recovery does not meet the accounting requirements to prevent negative impacts to utility earnings. This and many of the facts included in the Company's filing were not available at the time of the rulemaking and all support good cause for the Company's waiver requests.

With respect to the requested variances regarding “rate” and “revenue requirement,” 4 CSR 240-20.093(1)(O) and 4 CSR 240-3.163(1)(H) define “DSIM rate” as the charge on customers’ bills for the portion of the DSIM revenue requirement assigned by the Commission to a rate class. 4 CSR 240-20.093(1)(P) and 4 CSR 240-3.163(1)(I) define “DSIM revenue requirement” as the costs associated with the DSIM plan. Taken together and without a variance, these definitions would mean that only charges reflected in a DSIM approved as part of a MEEIA filing could be included on a separate energy efficiency line item on a customer's bill, which would require that there be two separate lines on the bills. Two separate lines will create customer confusion and potential irritation as well as increase the difficulty of fitting additional information in the existing limited space on the customer bills. Customers prefer bills that are simple and easy to read and a second EE line item will make the bills more crowded, harder to read, and could ultimately substantially increase mailing costs. From a practical standpoint, I'm unclear on what value an extra EE line item would deliver to customers.

With respect to the requested variances regarding the utility incentive, in order to use the measures installed coupled with deemed savings³ from the TRM (held static for the three-year program period) the requested variance is required.

Regarding variances related to net shared benefits, all of the rules from which a variance was requested contain the word “annual” in the phrase “annual net shared benefits.” Using the lifetime savings is the same as the Utility Cost Test, which evaluates the lifetime benefits compared to lifetime costs. Staff is supportive of this variance request and no other party has filed testimony in opposition.

- E. Can the Commission order Ameren Missouri to complete a new Market Potential Study? If so, should it do so?

It is not appropriate for the Commission to require a new potential study as part of this case since the requirements for an additional or updated Market Potential

³ Other factors identified in table 38 of the MEEIA report (page 38) are also to be deemed.

Study are already contained in 4 CSR 240-3.164(2). The Company will comply with this rule.

- F. Can the Commission order Ameren Missouri to include in all future MEEIA filings the realistic achievable potential portfolio of the Company's Demand-side management Market Potential Study? If so, should it do so?

No. As the Commission recognized in its Report and Order in Case No. ER-2011-0128, the Commission is not empowered to direct the Company to achieve any particular level of savings, both because the Commission is not empowered to manage the utility (apart from MEEIA) and because MEEIA provides the Commission no such power ("MEEIA does not contain any language that requires utilities, or allows the Commission to require utilities, to spend any particular level of dollars on energy efficiency, or to achieve any particular amount of MWh savings through energy efficiency." Report and Order, Case No. ER-2011-0128, p. 44).

2. Should the Commission approve the establishment of Ameren Missouri's proposed Demand-Side Investment Mechanism (DSIM) as per 4 CSR 240-20.093(2)(B)?

Yes. See the statement of position in response to question 1.A above.

- A. Should the Commission allow Ameren Missouri to include in its revenue requirement in Case No. ER-2012-0166 \$32.5 million, which represents 15.4% of expected net shared benefits, or should that determination be reserved for the rate case?

Yes. See the statement of position in response to question 1.A above.

- B. Should the Commission allow Ameren Missouri to collect, after the three-year program plan is concluded, a portion of net benefits as an incentive (pursuant to a sliding scale dependent upon MWh achievement levels – with percentage 4.8% of net benefits if energy savings achieved equal 100% of Commission approved three-year energy (MWh) savings target)?

Yes. The Company has provided evidence that supports the proposed incentive level and evidence demonstrating that the lower proposals of the Environmental Intervenors and OPC are inappropriate. Both Staff and DNR are supportive of the Company's incentive request.

- C. Should the award levels proposed by Ameren Missouri as depicted in Figure 2.5 of Ameren Missouri's MEEIA report and the resulting net benefits sharing percentages be approved?

Yes. See the statement of position in response to question 2.B above.

D. With regard to items A and B:

- i. Should the Commission approve the corrected Technical Resource Manual (TRM) as set forth in the attachment to the surrebuttal testimony of Richard Voytas?

Yes. Approval of the TRM and the prospective application of any future changes to the TRM are prerequisites for Ameren Missouri to pursue all cost effective demand-side savings. Use of a TRM is appropriate because there is no practical way to directly measure energy and demand savings that actually result from demand-side programs. While there are limitations on the ability to perfectly measure these savings, Ameren Missouri's TRM was developed to the extent possible based upon input values from prior EMV studies for Ameren Missouri's Cycle 1 programs. Ameren Missouri also used the Morgan Measure Library supplemented by published literature in the industry to develop the deemed savings values and equations in the TRM. The only party to actually analyze and audit the validity of Ameren Missouri's TRM, the Missouri Department of Natural Resources ("MDNR"), has endorsed its use, subject to Ameren Missouri's agreement to make certain modifications. Ameren Missouri has agreed to all such modifications and has submitted a revised TRM as part of its surrebuttal testimony that fully meets all of MDNR's recommendations.

Use of the TRM, including the prospective deeming of energy savings values for the entire three-year program period, is also appropriate in that it is consistent with the development of a statewide TRM, as contemplated by the Commission's MEEIA rules, and it is consistent with 21 other states that use some form of TRM. In fact, use of a Company-specific TRM should provide even closer estimates (to the "real" savings, which as noted, can never be determined with precision) than a statewide TRM would provide.

No party has raised any material criticism of Ameren Missouri's TRM except for criticisms of a general nature that would apply to the concept of using any TRM. A TRM is not and cannot be perfect, just as after-the-fact "measurements" of energy savings cannot be perfect.

Finally, the approval of a TRM is inextricably intertwined with the prerequisites to the Company's ability to record the 15.4% share of the net benefits as revenues (and thus avoid the negative earnings impact of the throughput disincentive), as provided for in Generally Accepted Accounting Principle. It is clear that without deemed savings⁴ the savings cannot be objectively determined and thus introduce inappropriate risks

⁴ Other factors identified in table 38 of the MEEIA report (page 38) are also to be deemed

and fail to comply with accounting requirements, resulting in a direct, negative impact on the Company's earnings due solely to the Company's energy efficiency efforts.

- ii. Should the true-up of the net benefits be based on the number of measures installed using the energy and demand savings values and equations in the approved TRM, meaning the energy and demand savings values and equations in the TRM remain static for the three years of Ameren Missouri's MEEIA programs, with any later revisions to the values and equations in the TRM to be applied on a prospective basis only (not to the operation of the programs during the three-year period proposed in this filing), or should later revisions to the energy and demand savings values and equations in the TRM be applied retrospectively?

For at least two reasons, it must be based on the number of measures installed and the deemed energy values in the TRM, with those values and equations to be held static over the three-year program period. First, under the applicable accounting standards governing the recognition of revenues (arising from the 15.4% of net benefits the Company has requested to reflect in its rates) the revenues cannot be recorded unless the deemed, static TRM values and equations are used. Consequently, failure to use the deemed, static TRM values and equations will result in an immediate and negative impact to the Company's earnings due to the implementation of effective energy efficiency programs. That negative impact on earnings, if it occurred, would reflect a failure to align the Company's financial incentives with helping customers use energy more efficiently, contrary to MEEIA's requirements. Second, apart from the inability to record revenues and the resulting negative earnings impact, a retrospective change in the deemed values and equations presents far too much evaluation risk for the Company, and also would fail to reflect the appropriate alignment of interests that MEEIA requires. It would also create a perverse incentive for other parties to advocate for lower energy savings values, and thus a lower net benefit share, and arguably would create the same perverse incentive for the Company to argue just the opposite.

- iii. Should the energy and demand savings values and equations included in the TRM be modified after each round of EM&V?

No. The TRM should apply to all three years of the implementation period (2013-2015) and only be updated for the next MEEIA filing.

- iv. What annual energy and demand savings targets should the Commission approve for the DSM programs?

Those contained in the Company's filing.

Should the annual energy and demand savings targets be based on assumed net-to-gross (NTG) ratios equal to 1.0 or should they be based on NTG from EM&V from Program Year 2 from Ameren Missouri's prior cycle of programs (i.e., October 2009 to September 2010)?

The NTG ratios should be set equal to 1.0 (i.e. free ridership and spillover offset each other). Both Ameren Missouri specific data and the latest and best information in the industry support the conclusion that an NTG ratio of 1.0 best accounts for *both* the impact of free ridership and spillover.

Should the Commission set the Net-to-Gross ratio (NTG) ratio for the refrigerator recycling program at .64 and the NTG ratio for all other programs at 1?

Yes. An NTG ratio of .64 (rather than 1.0) is appropriate because the refrigerator recycling program is unique insofar as it is the only program in Ameren Missouri DSM portfolio that encourages customers to remove an electric appliance and not replace it with a more efficient appliance. This particular program is expected to have a limited life cycle due to the limited number of secondary and tertiary refrigerators in Ameren Missouri's service territory. It is also well known that customers routinely put secondary and tertiary refrigerators out for trash collection – thus an indication of the probability for meaningful levels of free ridership. A lower NTG ratio recognizes this, and that a lower NTG ratio is appropriate for this particular program is borne out by experiences with similar programs in other states.

If not, what NTG ratios should be used?

The Company maintains a NTG = 1 (i.e. spillover offsets free ridership) is appropriate as the limitations of measuring NTG are numerous. If for some reason the Commission were to not set NTG = 1, the Company would recommend two alternatives in lieu of traditional NTG estimation. First, collaboratively develop a series of hurdles or tests that future programs have to pass to assure that free ridership is limited to the greatest extent possible. In conjunction, the Company would monitor product markets closely during the implementation period to determine if a market transformation has occurred and will exit that market if such a transformation has occurred. It is in all cases critically important that the NTG ratio be deemed for the three years of the program, including because failure to do so would prevent (under the applicable accounting requirements) the Company from recording revenues relating to the portion of the shared net benefits designed to address the throughput

disincentive, thus negatively impacting the Company's earnings and failing to provide the proper alignment of incentives.

If so, should those ratios be held constant for the three years of the program?

Yes, for the same reasons that the deemed energy savings in the TRM must be held constant for the three years of the program, so too must the NTG ratios. See the Company's statement of position in response to question 2.D.ii, above.

- E. Should the Commission order Ameren Missouri's residential customer charge increase from \$8 to \$12 or should that determination be reserved for the rate case?

Yes. However, if the Commission determines that this determination should be deferred until the rate case, the share of net benefits necessary to offset the throughput disincentive will have to be adjusted as outlined in the surrebuttal testimony of Ameren Missouri witness William R. Davis (page 37, lines 10-23).

- F. Should the Commission order interest/carrying cost to be paid on over- under-recoveries?

Yes.

If so, should Ameren Missouri's AFUDC rate or its short term interest rate apply?

After further consideration of the Staff's position on this issue, the Company is agreeable to applying its short-term borrowing rate (the same rate that is applied to over- or under-recoveries under the Company's fuel adjustment clause).

- G. Should the Commission grant the variances requested by Ameren Missouri necessary to approve Ameren Missouri's DSIM, as filed?

Yes. If those variances are not granted, then the revenues relating to the 15.4% of net benefits designed to address the throughput disincentive cannot be recorded on the Company's financial statements, resulting in the negative earnings impact and misalignment of interests discussed in the Company's statement of position in response to questions 1 and 2.D.ii above.

- H. Should the rate customers pay for DSM programs approved under MEEIA have a summer and winter component?

After further consideration, the Company is agreeable to Staff's recommendation to eliminate the seasonality of the DSIM rate.

- I. Do the Commission's regulations require tariff sheets associated with a DSIM apart from tariff sheets that reflect the DSM programs or base rate schedules that reflect the sums to be collected under the DSIM?

No. 4 CSR 240-20.093(2)(C) provides for Commission approval of a DSIM and "associated tariff sheets." However, this does not require that there be a separate DSIM tariff sheet apart from those that reflect the DSM programs, or apart from the base rate schedules that will, in the case of Ameren Missouri's proposed DSIM, reflect the DSIM charges. If a rider were used (i.e., a surcharge mechanism to adjust rates outside of base rates between rate cases) then there would be an "associated tariff sheet" apart from the program tariffs and base rate schedules. Put another way, since Ameren Missouri's DSIM is simply a charge levied and embedded in base rates, there is no "associated tariff sheet" other than the program tariff sheets and the base rate schedules. Nor need there be a separate tariff because the Commission's order in this case, either explicitly or by incorporation of the terms of the Company's MEEIA filing, will outline the terms that govern the operation of the DSIM. This is not materially different than having the terms of other trackers (e.g., the Company's Pension/OPEB tracker) reflected in an agreed-upon schedule to a stipulation that is then approved by Commission order.

If so, what should such a tariff sheet contain?

N/a.

If not, is there a reason that such tariff sheets associated with a DSIM be filed and if so, what should such tariff sheets contain?

No. See above.

- i. What provision relating to true-up of the program expenditures, net shared benefit and the results of a Commission prudence review of the DSM programs should be included in Ameren Missouri's base rate tariffs?

In addition to including the sums reflecting the Company's program expenditures and the 15.4% of net shared benefits determined in this case in the rate for each of the Company's 7 rate schedules, the rate schedules should contain specific language outlining the true-up and prudence review process. The Company recommends the following:

"In the Company's first general rate proceeding following the conclusion of the three-year program cycle for the Company's demand-side programs approved in Case No. EO-2012-0142, the Company will include in its revenue requirement an amount equal to the difference between the annual level of DSM program costs used to set the revenue requirement in Case No. ER-2012-0166 or and any subsequent general rate proceeding occurring

prior to the end of the three year program cycle and the actual DSM program expenditures during the three-year program cycle. A prudence review in accordance with 4 CSR 240-20.093(10) shall be conducted, except that it shall not commence until after the conclusion of the three-year program cycle. Any amount ordered refunded as a result of such prudence review shall be a reduction to the Company's revenue requirement in the first general rate proceeding occurring after a Commission order specifying such a refund."

3. Should a separate line item appear on bills relating to charges for the DSM programs approved under MEEIA? If so, should the phrase "Demand-Side Inv. Recovery" as suggested by Staff or "Energy Efficiency Investment Charge" as suggested by Ameren Missouri be used?

A. Should a separate line item appear on bills relating to charges for DSM programs not approved under MEEIA?

The Company is concerned that having two line items, one for "non-MEEIA" energy efficiency programs and one for "MEEIA" energy efficiency programs will create customer confusion and potential irritation, both for the Company and the Commission's Staff. The MEEIA statute, taken as a whole, is not clear on whether such a separate line is required. The Company recommends having one line item only, and recommends it read "Energy Efficiency Investment Charge."⁵

4. Is it appropriate for the Commission to determine what, if any, impact this case has upon Ameren Missouri's requested Rate of Return in Case No. ER-2012-0166, or should any such determination be reserved for the rate case?

No. No testimony has been filed recommending any change to rate of return in this case or that suggests that the Commission even address this issue in this case. The determination of the appropriate return is a complex, detailed exercise dependent on multiple rate of return methodologies and expert judgment, plus additional relevant factors, that can only be determined in a general rate proceeding.

5. Should the Commission approve Ameren Missouri's Evaluation, Measurement and Verification plans?

Yes. The Company has put forth a plan utilizing deemed savings for reporting and performance rating purposes⁶; therefore, the cost burden of evaluation is reduced below the maximum budgets allowed in the MEEIA rules.

⁵ The second "e" is missing because of space limitations on Ameren Missouri's bills.

⁶ Other factors identified in table 38 of the MEEIA report (page 38) are also to be deemed.

6. How should the costs for Ameren Missouri's proposed Low Income Residential program be allocated among the different rate classes?

After further consideration, the Company is agreeable to allocating the low income program costs to all rate classes. To perform the allocation, the low income program costs should first be removed from the residential revenue requirement then allocated to all classes (excluding lighting and large transmission service classes) based on kwh.

7. Should the Commission grant the variances requested by Ameren Missouri, including those discussed in Dan Laurent's surrebuttal testimony, necessary to approve the Company's DSIM as filed, and any other variances necessary if the Commission approves and the Company accepts a DSIM proposal made by the Staff or other parties in this case?

Yes. See above.

8. Should Ameren Missouri track business class program expenditures and energy reductions arising from Ameren Missouri's business DSM programs by rate schedule?

The Company is agreeable to tracking business class program expenses and energy reductions by rate schedule.

9. Should the program expenditures and performance payments arising from the Company's business DSM programs be true-up among rate schedules within the business class of customers, with the results of the true-up to be accounted for in a future rate proceeding?

The Company is agreeable to trueing-up program expenditures and performance payments among rate schedules within the business class of customers.

10. Should the Stipulation and Agreement filed by Ameren Missouri and Laclede Gas Company on May 11, 2012 be approved?

Yes. It resolves all of the issues raised by Laclede Gas Company in response to the Company's filing, and is consistent with OPC's positions in response to the issues Laclede Gas Company raised.

11. Should the Commission order the establishment of a statewide and/or Ameren Missouri collaborative(s) that would provide input regarding the possible expansion of Ameren Missouri programs, program design (possibly including co-delivery of programs with gas/water utilities), EM&V, and a state Technical Reference Manual?

The Commission should follow its MEEIA rule on this issue, 4 CSR 240-20.094(8)(B). That rule provides for the formation of statewide collaborative for three specific purposes.

If the Commission does order that a collaborative(s) be established, can utilities implementing DSM programs under MEEIA be required to provide funding for outside consultants or other reasonable costs of operating the collaborative(s)?

No. The aforementioned rule provides for no such payment. It may also be unlawful for such payments to occur, except in the context of consideration in general rate proceeding.

If so, should they be required to provide funding for outside consultants or other reasonable costs of operating the collaborative(s)?

N/A.

Respectfully submitted,

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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, First Class, postage prepaid, this 18th day of May, 2012, to counsel for all parties on the Commission's service list in this case.

/s/ James B. Lowery