

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
File No. ET-2012-0011, Tariff Tracking No. YE-2012-0188  
Union Electric Company d/b/a Ameren Missouri

FROM: Michelle Bocklage, Rate & Tariff Examiner  
Hojong Kang, Regulatory Economist III

/s/ John Rogers 11/14/2011  
Energy Unit/Date

/s/ Jennifer Hernandez 11/14/2011  
Staff Counsel Department/Date

SUBJECT: Staff Recommendation For **Approval** Of Tariff Sheets To Revise Residential Energy Efficiency Program, Revised Residential Energy Efficiency Lighting Program, Revised Residential Energy Efficiency Multifamily Income Qualified Program, and Revised Refrigerator Recycling Program

DATE: November 14, 2011

On October 25, 2011, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri” and “Company”) filed fifteen (15) proposed tariff sheets bearing an effective date of November 24, 2011. The Commission assigned the tariff sheets Tariff Tracking No. YE-2012-0188. With these tariff sheets Ameren Missouri is proposing to revise its expired Residential Energy Efficiency Program<sup>1</sup> (“Residential Program”), consisting of its expired Residential Energy Efficiency Lighting Program<sup>2</sup> (“Lighting Program”), its expired Residential Energy Efficiency Multifamily Income Qualified Program<sup>3</sup> (“Multifamily Program”), and its expired Refrigerator Recycling Program<sup>4</sup> (“Recycling Program”). All four of the expired programs terminated on September 30, 2011.

Prior to making this filing, Ameren Missouri requested and received feedback from Staff on its draft Residential Program, draft Lighting Program, draft Multifamily Program and draft Recycling Program. Staff appreciates the Company’s cooperation and transparency during the review and feedback process.

In Ameren Missouri’s *Request for Approval of Residential Electric Energy Efficiency Bridge Tariffs*, submitted in File No. ET-2012-0011, Ameren Missouri indicated that the tariff sheets “are designed to bridge the gap between the expiration of the Company’s former energy efficiency programs (which expired on September 30, 2011) and when the Commission issues an order on the Company’s Missouri Energy Efficiency Investment Act (“MEEIA”) filing.” Staff has the following overarching concerns regarding the tariff filing and the proposed programs.

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<sup>1</sup> 2nd Revised Sheet No. 236, 1st Revised Sheet No. 237 and 1st Revised Sheet No. 238

<sup>2</sup> Original Sheet Nos. 239, 240, 241 and 241.1

<sup>3</sup> Original Sheet Nos. 250, 251 and 252

<sup>4</sup> Original Sheet Nos. 257 and 258

1. Lapse of time between the expiration date of the programs and the Commission's order in a MEEIA filing;
2. Elimination of two additional energy efficiency programs with favorable Total Resource Cost (TRC) results; and
3. Significant reduction in funding levels for the proposed programs.

**Staff Concern 1: Lapse of time between the expiration date of the programs and the Commission's order in a MEEIA filing**

In the *Notice of Change in Preferred Plan*<sup>5</sup>, Ameren Missouri indicated its intention to submit a MEEIA filing in the first quarter of 2012; however, Ameren Missouri's proposed expiration date of June 30, 2012, may not be a sufficient amount of time to prevent a lapse in energy efficiency programs being proposed in this tariff filing.

In addition, in the *Notification of Change in Ameren Missouri's Preferred Resource Plan* Ameren Missouri also advised that "Because approval of Ameren Missouri's MEEIA filing is not assured, the Company must retain the ability to alter its plans should its request be denied. As a consequence, the 2012 energy efficiency tariffs filed for approval by the Commission will include an expiration date of June 30, 2012. Should the Company's MEEIA filing be approved, Ameren Missouri would seek extension of these tariffs through December 31, 2012."

However, in order for Ameren Missouri to receive Commission approval of a MEEIA filing prior to the programs' expiration date of June 30, 2012, Ameren Missouri would have to make its MEEIA filing no later than Friday, March 2, 2012, and not just "in the first quarter of 2012." Although a MEEIA filing by March 2, 2012 is expected to result in a Commission order by June 30, 2012, such an order date would provide little time for Company's filing of and the Staff's review of proposed tariff sheets and for the Commission's approval of the MEEIA program proposed tariff sheets prior the current proposed tariff sheets' expiration date of June 30, 2012. Should the Company file a request for extension of the proposed tariff sheets to December 31, 2012, and include in its request expedited approval within ten (10) days, then a minimum of ten (10) days would have to be added to the schedule and the Company's MEEIA filing would have to be no later than February 21, 2012, and not just "in the first quarter of 2012." To allow some "float" time in the schedule, Staff suggests that Ameren Missouri should plan to make its MEEIA filing by the end of January 2012 and not just "in the first quarter of 2012."

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<sup>5</sup> Page 1 of Notice of Change in Preferred Plan filed by Ameren Missouri on October 25, 2011 in File No. EO-2012-0127

**Staff Concern 2: Elimination of two additional energy efficiency programs with favorable Total Resource Cost (TRC) results**

Ameren Missouri has also reduced the number of programs available to customers in the proposed Residential Program. The expired Residential Program included Lighting and Appliance Program, Social Marketing Distribution Program, Multi-Family Income Qualified Program, HVAC CheckMe!-Program, and Refrigerator Recycling Program. However, Ameren Missouri eliminated the appliance portion of the Lighting and Appliance Program, HVAC Check Me!, and Social Marketing Distribution Program from the proposed Residential Program.

The *Ameren Missouri Demand-Side Resources Performance Summary Report*, provided during the November 3, 2011 Ameren Missouri DSM Stakeholder Quarterly Meeting, reflected a Total Resource Cost Test (TRC) of 1.55<sup>6</sup> for the HVAC CheckMe! Program, which indicated that the HVAC CheckMe! Program is expected to be a cost effective program. Similarly, the Social Marketing Distribution Program is expected to be a very cost effective program based on the pro forma TRC for this program of 14.15<sup>7</sup>.

**Staff Concern 3: Significant reduction in funding levels for the proposed programs**

The “annualized” budget for the proposed Residential Program, Lighting Program, Multifamily Program, and Recycling Program is \$5.1 million. The Residential Program is also constrained by a goal of achieving 10,000 MWh of energy savings. In comparison, the budget for the expired Residential Program was \$42.7 million; and the energy savings goal of the expired Residential Program was 193,554 MWh<sup>8</sup>. Therefore, Staff is concerned that the reduction in funding for the proposed Residential Program will result in a level of demand-side resources far lower than the demand by Ameren Missouri’s customers for such services.

**Supporting Information**

The Program is a promotional practice that falls under the Commission’s promotional practices rule 4 CSR 240-3.150, because the Program will be offered to Program Participants free of charge. To comply with 4 CSR 240-3.150, *Filing Requirements for Electric Utility Promotional Practices*, Ameren Missouri provided supporting information regarding the advertising or publicity, evaluation of the cost-effectiveness of potential demand side resources, and documentation of the criteria used and analysis performed to determine the cost effectiveness of demand side resources.

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<sup>6</sup> This is the TRC in Ameren Missouri’s 2008 Chapter 22 triennial compliance filing. The final evaluation, measurement and verification (EM&V) report by third party EM&V contractor, Cadmus Group, is not expected until June 2012 per 1<sup>st</sup> Revised Sheet No. 238.

<sup>7</sup> See supplemental filing in Tariff File No. JE-2010-0695,  
<http://pscprodweb/mpsc/CommonComponents/viewdocument.asp?DocID=935501688&Version=1>

<sup>8</sup> Although EM&V for the prior Residential Program is not due until June 2012, the preliminary total energy savings for the prior Residential Program is 231,048 as reported during the November 3, 2011 Ameren Missouri DSM Stakeholder Quarterly Meeting.

## **Residential Program**

### **Purpose & Availability**

The purpose of the proposed Residential Program tariff sheets is to reduce consumer consumption of electricity in a cost-effective manner. The programs offered are available to current residential customers that are receiving service under Ameren Missouri's Residential Service Rate 1(M). However, there may be additional restrictions specific to the individual programs. There may also be geographical and vendor restrictions per specific programs. The proposed Residential Program filed on October 25, 2011, includes an energy demand reduction goal of 10,000 MWh of energy usage.

### **Description**

The programs that make up the proposed Residential Program are the Lighting Program, Multifamily Program, and Recycling Program. The expired Residential Energy Efficiency Programs included Lighting and Appliance Program, Social Marketing Distribution Program, Multi-Family Income Qualified Program, HVAC CheckME!-Program, and Refrigerator Recycling Program; therefore, Ameren Missouri is proposing a reduced set of "bridge" programs at this time.

### **Definitions**

Evaluation, Measurement, & Verification (EM&V) Contractor: The Company has contracted with The Cadmus Group, Inc. (Cadmus) to provide impact and process evaluations and measurement and verification of the programs provided under this tariff based on calculated and measured data.

Incentive: Any consideration provided by the Company, through the Program Administrator and Program Partners, which encourages the adoption of energy efficient equipment, systems, or practices. Measures and incentives are specified in the tariff sheets of specific programs.

Market Transformation: A strategy that promotes the manufacture and purchase of energy-efficient products and services to induce lasting structural and behavioral changes in the marketplace, resulting in increased adoption of energy-efficient technologies.

Measure: An end-use measure, as defined in 4 CSR 240-22.020(18), (20), and (21).

Participants: Customers of Ameren Missouri who are eligible for and who choose to participate in specific programs under this tariff.

Program Administrator: The entity selected by the Company to provide program design, promotion, administration, implementation, and delivery of services.

**Program Partner:** A retailer, distributor or other service provider that the Company or the Program Administrator has approved to provide specific program services through execution of a Company-approved service agreement.

**Residential Facilities:** Residences and apartments consisting of one or more rooms for the use of one or more persons as a housekeeping unit with space for eating, living and sleeping, and permanent provisions for cooking and sanitation.

**Residential Customer:** An individual that occupies a Residential Facility served under the Company's Residential Service Rate 1(M) or is financially responsible for electric service for a Residential Facility.

**Total Resource Cost Test (TRC):** A test of the cost-effectiveness of demand-side programs that compares the sum of avoided utility costs plus avoided probable environmental costs to the sum of all incremental costs of end-use measures that are implemented due to the program (including both utility and participant contributions), 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 resources.

## **Program Evaluation**

Ameren Missouri has selected The Cadmus Group (Cadmus) for the EM&V Contractor. Cadmus will provide a final report that covers the full program term<sup>9</sup> by October 2012, which will include all impact and process evaluation, measurement and verification findings.

## **Lighting Program**

### **Purpose & Availability**

The Lighting Program is intended to reduce energy usage in residential lighting through the use of ENERGY STAR® qualified products. Ameren Missouri's residential customers would be able to participate in the Lighting Program by purchasing marked-down ENERGY STAR® Compact Fluorescent Lamps (CFLs) and LED lighting products in addition to Energy Star® fixtures from participating Program Partners.

### **Program Provisions**

Ameren Missouri has selected Applied Proactive Technology, Inc. ("Program Administrator") as the Program Administrator. The Program Administrator will be responsible for providing Program services to Program Partners in order to increase awareness, sales, and market share of residential ENERGY STAR® qualified products that are promoted under the Lighting Program.

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<sup>9</sup> It is Staff's understanding that "full program term" would be December 31, 2012, should the term of the Residential Program be extended to this date.

The promotions available to Ameren Missouri residential customers will be available at select stores within Ameren Missouri's electric service territory. The promotions utilized may include:

- **Mark-downs:** Mark-downs are price reductions offered by retail Program Partners to increase sales of a specific product. The goal of the mark-down is to develop a cost reduction, making the lighting product more appealing to the consumer while also educating consumers on the benefits, applications, emerging technologies and proper disposal of CFLs.
- **Instant Rebate Coupons:** Each Participant will receive either rebate in the form of an instant credit or an instant rebate coupon at the check out. Instant rebate coupons will be available at Program Partner locations when instant credits are not available due to technology limitations.
- **Point of Purchase Display Materials:** Program in-store display materials that will be used to highlight shelf displays of incented products, educate, build awareness, and motivate purchases.
- **Listing on the ActOnEnergy.com website:** Participating Program Partners will be listed on the ActOnEnergy.com website with store name and location listed as well as any in-store promotions being offered.
- **Retailer Training and Refresher Training:** Program Administrator will conduct in-store training for all staff available at each Program Partner location to fully explain the benefits and importance of ENERGY STAR®; explain what incented products are in the Program; and discuss specific attributes of those products.

### **Eligible Energy Efficient Lighting Products**

ENERGY STAR® screw-in compact fluorescent lamps (CFLs)  
ENERGY STAR® screw-in compact fluorescent specialty lamps (CFLs)  
ENERGY STAR® screw-in compact fluorescent reflector lamps (CFLs)  
ENERGY STAR® screw-in LED lamp  
ENERGY STAR® screw-in LED specialty lamps  
ENERGY STAR® Compact fluorescent fixtures both portable and hard-wired

### **Term**

The proposed Lighting Program is scheduled to end on June 30, 2012.

## **Multifamily Program**

### **Purpose & Availability**

The Multifamily Program will allow multifamily building owners and managers to replace energy inefficient lighting and appliances with program-specified energy efficient measures ("EEMs") in income qualified multifamily properties.

The Multifamily Program will target income qualified multifamily properties with three (3) or more dwelling units. The term “income qualified” refers to tenant occupants residing in federally subsidized housing units and meet the federal program’s income guidelines. The typical tenants will usually be elderly or disabled individuals and families that are income qualified.

### **Program Provisions**

Ameren Missouri has selected Honeywell Utility Solutions as the Program Administrator. The Program Administrator will provide direct installation of Program-specified Standard Measure EEMs in income qualified dwelling units in multifamily residential buildings. Multifamily properties participating in the Multifamily Program must agree to implement Business Energy Efficiency Standard Lighting Incentives in all common areas and meet code requirements for occupancy.

The incentives under the Multifamily Program will only be provided toward income qualified dwelling units. However, an additional requirement of participation in the Multifamily Program will require installation of comparable EEMs in all dwelling units, both low income and market rate, that are located on the premises.

### **Incentives**

Program-specified EEMs will be furnished and installed at no cost to the multifamily building owner or tenants by the Program Administrator. Participants in the Multifamily Program will not be responsible for expenses incurred in the removal, decommissioning, recycling and disposal of existing conventional non-ENERGY STAR® qualified residential appliances, lighting, equipment, fixtures and fittings and for each such item’s replacement on a one-for-one basis with new EEMs, as determined in the proposed 1<sup>st</sup> Revised Sheet No. 252.

The Program Administrator will also conduct educational meetings with income qualified multifamily building tenants to prepare tenants for the process of EEM installation. The educational meetings will offer an opportunity to explain the purpose of the Multifamily Program and provide opportunities educate tenants about energy efficiency and offer feedback to Ameren Missouri and the Program Administrator.

Participants in Ameren Missouri’s prior Multifamily Program that were not offered replacement of through-the-wall air conditioner units, are eligible to receive a change out of through-the-wall air conditioning units, while funds are available.

### **Term**

The proposed Multifamily Program will be in effect through June 30, 2012; however, application forms and supporting documentation must be postmarked, emailed, or faxed by May 31, 2012.

## **Recycling Program**

### **Purpose & Availability**

The Recycling Program is designed to prevent the continued use of inefficient, working refrigerators and freezers by removing the units from homes and recycling them in an environmentally safe manner.

The Recycling Program is available to residential customers with working secondary refrigerators and/or freezers manufactured before 2002. All Ameren Missouri customers that receive service under the Residential Service Rate 1(M) are eligible to participate in the Recycling Program.

### **Program Provisions**

In order to participate in the Recycling Program, Ameren Missouri customers will have to follow the general processes outlined below:

- Contact the Vendor service center through the toll-free phone number (877-341-2187) or online at [www.uefficiency.com](http://www.uefficiency.com) to schedule the appliance pickup.
- A confirmation letter is sent by mail or email to remind customers of the appointment.
- At the customer's address, the Vendor team verifies that the unit is eligible and removes it from the home.
- The customer then provides a signature to verify collection and transfer ownership of the appliance.
- The Vendor team removes the unit from the premise and permanently disables it.
- The appliance is taken to the Vendor facility and all materials are recovered for recycling or disposed of in accordance with Environmental Protection Agency (EPA) approved practices.
- Incentives are mailed to customers within six (6) weeks of the pick-up appointment.

### **Program Incentives**

<b><u>Measure</u></b>	<b><u>Incentive per Unit</u></b>
Turn-in working refrigerator manufactured before 2002	\$35
Turn-in working freezer manufactured before 2002	\$35

All Ameren Missouri customers are eligible to receive a per unit incentive for up to three (3) qualifying units.



### **Term of Program:**

The Recycling Program is scheduled to end on June 30, 2012. New requests from customers to participate in the Recycling Program will be accepted up to June 15, 2012.

### **Staff Recommendation**

While the Company's bridge tariffs are inadequate, the Company has allowed its demand-side programs to lapse and currently offers no such programs. Thus, while the Company's programs are inadequate, the public interest is better served by inadequate programs than by no programs at all.

The Staff has reviewed the proposed tariff sheets, as filed on October 25, 2011, and recommends that the Commission issue an order approving the following proposed tariff sheets to go into effect on November 24, 2011, the requested effective date:

#### MO.P.S.C. SCHEDULE NO. 5

3 <sup>rd</sup> Revised Sheet No. 236	Cancelling 2 <sup>nd</sup> Revised Sheet No. 236
2 <sup>nd</sup> Revised Sheet No. 237	Cancelling 1 <sup>st</sup> Revised Sheet No. 237
2 <sup>nd</sup> Revised Sheet No. 238	Cancelling 1 <sup>st</sup> Revised Sheet No. 238
1 <sup>st</sup> Revised Sheet No. 239	Cancelling Original Sheet No. 239
1 <sup>st</sup> Revised Sheet No. 240	Cancelling Original Sheet No. 240
1 <sup>st</sup> Revised Sheet No. 241	Cancelling Original Sheet No. 241
1 <sup>st</sup> Revised Sheet No. 241.1	Cancelling Original Sheet No. 241.1
2 <sup>nd</sup> Revised Sheet No. 250	Cancelling 1 <sup>st</sup> Revised Sheet No. 250
2 <sup>nd</sup> Revised Sheet No. 251	Cancelling 1 <sup>st</sup> Revised Sheet No. 251
1 <sup>st</sup> Revised Sheet No. 252	Cancelling Original Sheet No. 252
1 <sup>st</sup> Revised Sheet No. 253	Cancelling Original Sheet No. 253
1 <sup>st</sup> Revised Sheet No. 254	Cancelling Original Sheet No. 254
1 <sup>st</sup> Revised Sheet No. 255	Cancelling Original Sheet No. 255
1 <sup>st</sup> Revised Sheet No. 256	Cancelling Original Sheet No. 256
1 <sup>st</sup> Revised Sheet No. 257	Cancelling Original Sheet No. 257
1 <sup>st</sup> Revised Sheet No. 258	Cancelling Original Sheet No. 258

Staff also recommends that the Commission order the Company to develop a thorough MEEIA filing and timely file such by January 31, 2012, or another date certain, so that the proposed "bridge" tariffs can provide uninterrupted service until demand-side programs approved in the Company's anticipated MEEIA filing are implemented.

The Staff has verified that Ameren Missouri has filed its 2010 annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

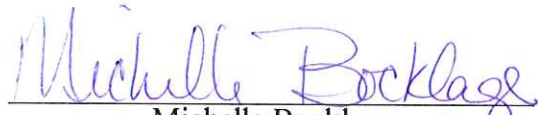
In the Matter of Union Electric )  
Company d/b/a Ameren Missouri's )  
Tariff Filing to Implement )  
Changes to Its electric Energy )  
Efficiency Programs )

Case No. ET-2012-0011  
File No. YE-2012-0188

**AFFIDAVIT OF MICHELLE BOCKLAGE**

STATE OF MISSOURI     )  
                                      ) ss  
COUNTY OF COLE     )

Michelle Bocklage, of lawful age, on oath states: that she participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to her; that she has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of her knowledge and belief.

  
Michelle Bocklage

Subscribed and sworn to before me this 14<sup>th</sup> day of November, 2011.



  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of Union Electric )  
Company d/b/a Ameren Missouri's )  
Tariff Filing to Implement )  
Changes to Its electric Energy )  
Efficiency Programs )

Case No. ET-2012-0011  
File No. YE-2012-0188

**AFFIDAVIT OF HOJONG KANG**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

Hojong Kang, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.

  
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Hojong Kang

Subscribed and sworn to before me this 14<sup>th</sup> day of November, 2011.



  
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Notary Public