In the Matter of:

Union Electric Company d/b/a Ameren Missouri's 3rd Filing ...

EO-2018-0211 VOL. II

November 28, 2018

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STATE OF MISSOURI

PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

On-The-Record Presentation

November 28, 2018

Jefferson City, Missouri

Volume 2

In The Matter Of Union Electric Company d/b/a Ameren Missouri's 3rd Filing To Implement Regulatory ChangesIn Furtherance Of Energy Efficiency As Allowed By MEEIA) File No. EO-2018-0211

NANCY DIPPELL, Presiding
SENIOR REGULATORY LAW JUDGE

RYAN A. SILVEY, Chairman
DANIEL Y. HALL,
SCOTT T. RUPP,
COMMISSIONERS

REPORTED BY:
Beverly Jean Bentch, CCR No. 640
TIGER COURT REPORTING, LLC

A P P E A R A N C E S

JAMES M. FISCHER, Attorney at Law
Fischer & Dority, PC
101 Madison, Suite 400
Jefferson City, Missouri 65101
573.636.6758
FOR: Kansas City Power & Light Company and GMO

JOHN COFFMAN, Attorney at Law
871 Tuxedo Boulevard
St. Louis, Missouri 63119
573.424.6779
FOR: Consumers Council of Missouri

MICHAEL B. LANAHAN, Acting General Counsel
301 West High Street
Jefferson City, Missouri 65102
573.522.3304
FOR: Missouri Division of Energy

NATHAN WILLIAMS, Chief Deputy Public Counsel
PO Box 2230
Jefferson City, Missouri 65102
573.526.4975
FOR: Office of the Public Counsel

KEVIN A. THOMPSON, Chief Staff Counsel
200 Madison Street, Suite 800
PO Box 360
Jefferson City, Missouri 65102-0360
573.751.4140
FOR: Staff of the Missouri Public Service Commission

ANDREW LINHARES, Senior Counsel
3115 S. Grand Blvd.
Suite 600
St. Louis, Missouri 63118
314.471.9973
FOR: National Housing Trust and
Tower Grove Neighborhood Community Development
Corp.

TIMOTHY OPITZ, Staff Attorney
409 Vandiver Drive
Building 5, Suite 205
Columbia, Missouri 65202
573.825.1796
FOR: Renew Missouri

A P P E A R A N C E S
(Continued)

L. RUSSELL MITTEN, Attorney at Law
Brydon, Swearengen & England PC
312 East Capitol Avenue
PO Box 456
Jefferson City, Missouri 65102-0456
573.635.7166
FOR: Union Electric Company d/b/a Ameren Missouri

P R O C E E D I N G S

JUDGE DIPPELL: Let's go ahead and go on the record. Good morning. This is November 28, 2018, and we're here today for an on-the-record stipulation presentation in Case No. EO-2018-0211, In the Matter of Union Electric Company, d/b/a Ameren Missouri's 3rd Filing to Implement Regulatory Changes in Furtherance of the Energy Efficiency as Allowed by MEEIA.

My name is Nancy Dippell and I'm the Regulatory Law Judge presiding over this presentation. We're going to begin by making entries of appearance. Before we get started with that, if you would let us know who you brought with you today as possible witnesses that might give testimony. We talked before we went on the record just about procedural items, and I think we'll do a group swearing in of the people who might testify. If you will identify those people and then because of the technical nature I think the experts might have more to say today than the attorneys. We'll see if that's possible.

Let's begin with entries of appearance. Ameren Missouri?

MR. MITTEN: Your Honor, appearing on behalf of Union Electric Company d/b/a Ameren Missouri is L. Russell Mitten, Brydon, Swearengen & England, 312 East

Capitol Avenue, Jefferson City, Missouri, 65102.

JUDGE DIPPELL: Do you have experts with you today, Mr. Mitten?

MR. MITTEN: Yes. William Davis is here with me today. If the Commission wants, he's available for questioning.

JUDGE DIPPELL: Okay. Thank you. Commission Staff?

MR. THOMPSON: Thank you, Judge. Kevin A. Thompson for the Staff of the Missouri Public Service Commission, Post Office Box 360, Jefferson City, Missouri, 65102. With me today are Natelle Dietrich, J Luebbert and John Rogers, also Brad Fortson, excuse me, and Robin Kliethermes. More experts than I thought I had.

JUDGE DIPPELL: Okay. Office of Public Counsel?

MR. WILLIAMS: Nathan Williams appearing on behalf of the Office of the Public Counsel and the public. I provided my information to the court reporter. And I have Dr. Goeff Marke available for any questions or information the Commission may desire from the Office of the Public Counsel.

JUDGE DIPPELL: Consumers Council of Missouri?

MR. COFFMAN: Yes. John B. Coffman

representing the Consumers Council of Missouri. The court reporter has my information.

JUDGE DIPPELL: Kansas City Power & Light, GMO?

MR. FISCHER: Yes. On behalf of KCPL and GMO, James M. Fischer. I've given the contact information to the court reporter.

JUDGE DIPPELL: Division of Energy?

MR. LANAHAN: Thank you, Your Honor. Michael Lanahan on behalf of the Division of Energy, address 301 West High Street, Suite 680, Jefferson City, Missouri, 65102. And with us today are Mr. Martin Hyman and Ms. Jane Epperson from the Missouri Division of Energy.

JUDGE DIPPELL: MECG asked to be excused and that was granted. National Housing Trust?

MR. LINHARES: Morning, Your Honor. This is Andrew Linhares appearing on behalf of National Housing Trust, as well as Tower Grove Neighborhoods Community Development Corporation. I'll make sure the court reporter gets my information.

JUDGE DIPPELL: National Resources Defense Council is also excused as is Spire. Renew Missouri?

MR. OPITZ: Thank you, Judge. For Renew Missouri, I'm Tim Opitz and I've provided my information to the court reporter.

JUDGE DIPPELL: Did I miss anyone? All right. Then what I'd like to do is begin by swearing in all of the witnesses who might testify later. So if you would just stand, Mr. William Davis, John Rogers, Robin Kliethermes, J Luebbert, Brad Fortson, Dr. Marke, Martin Hyman, Jane Epperson. Did I miss anybody?

MR. THOMPSON: Natelle Dietrich.

JUDGE DIPPELL: Natelle Dietrich. Anyone else? If you would please raise your right hands.

(Witnesses sworn.)

JUDGE DIPPELL: You are all sworn. Thank you. You may be seated. I will ask that if you speak that you go ahead and let the court reporter know who you are, identify yourselves and come to a microphone to answer a question. You can use this one at the podium or one at one of the counsel tables if you're near one.

So then I'd like to go ahead and begin. Can I ask Ameren to begin with kind of a summary of the presentation and where we are?

MR. MITTEN: Thank you, Your Honor. If it pleases the Commission. I want to take a few minutes to provide a high-level overview of the Stipulation and Agreement filed in this case that if approved will define the MEEIA programs Ameren Missouri will offer for the next three to six years.

Following my overview, Ameren Missouri and representatives of the other parties to this case will be available to answer questions from the Commissioners, if they have any.

Before I talk about any specifics, I'm going to provide some context for the stipulation that's been submitted for your approval. Ameren Missouri filed its MEEIA application on June 4 of this year. That filing consisted of hundreds of pages explaining in detail the terms of the Company's proposal, its costs and the benefits it would provide to customers.

The Company supplemented that filing with written surrebuttal testimony by three witnesses consisting of more than 150 pages of testimony and supporting schedules. I would also note the Company sought input from interested parties over the six months immediately preceding its filing.

Over the almost five-month period following the filing, the 11 non-Ameren Missouri parties conducted an exhaustive review of the Company's application. The Staff report alone was more than 75 pages long and was supplemented and supported by the filed testimony of six Staff witnesses.

Other parties in this case who filed testimony include the Office of the Public Counsel, the Division of Energy, the National Housing Trust, Tower Groves Neighborhood Community Development Association, Consumers Council of Missouri, the National Resources Defense Council and Renew Missouri.

I bring these facts to the Commission's attention for one purpose, to emphasize the process that ultimately led to the stipulation and agreement; that that process took place after all issues relevant to Ameren Missouri's MEEIA proposal had been fully vetted by all parties and after all parties had been given full opportunity to make known their views on those issues.

Not all parties signed this stipulation but no party objected to it. And under the Commission's rules, a non-unanimous stipulation that was not opposed may be treated as a unanimous stipulation. Having set the stage, I'd like to now outline some of the key features of the stipulation the parties are asking you to approve.

The specific programs that make up the proposed MEEIA plan are shown on page 3 of the stipulation and are discussed in the revised MEEIA plan which is attached to and incorporated into the stipulation. Although many of the programs shown there would be in effect for approximately three years from March 2019 through December 2021, low-income energy efficiency programs would remain in effect from March 2019 through December 2024, a period of almost six years.

Under the stipulation, budgets for low-income programs have nearly tripled and programs have been added to reach single family homes, including mobile homes. The addition of new low-income programs and the agreement to allow those programs to remain in effect for almost six years allows a stronger focus on deeper energy savings that can take much longer to plan for and implement especially in the low-income multifamily sector.

COMMISSIONER HALL: Quick question there.

MR. MITTEN: Yes, Judge.

COMMISSIONER HALL: It's my understanding that the Company's original filed application was six years for all of the programs and a number of parties were not comfortable with the six-year time period and evidently everyone has agreed on three years but six years for the low-income programs. What is it about the low-income programs that make it so important that they be six years whereas all the others can still be three?

MR. MITTEN: I can't speak for all the parties. Ameren when it made its original filing believed a six-year term for all programs was appropriate because it allowed for implementation of programs that took longer time to develop. Because of the objections expressed by some of the parties, we were willing to cut back to three years the time frame for all programs except for low income. We still believe six years is a good time frame, but in the spirit of compromise we were willing to reduce all non low-income programs to the three years that have been approved in prior MEEIA cases.

COMMISSIONER HALL: My question is, and maybe this is better directed at one of your witnesses, what is it about the low-income program that make it so unique that it needs the six years whereas the other ones can survive at three?

MR. MITTEN: With your permission, I will defer that question to Mr. Davis.

COMMISSIONER HALL: Okay. Thank you.

MR. DAVIS: This is William Davis from Ameren Missouri. Commissioner Hall, I think that there's interest in keeping the low-income programs in the market even as we transition from one cycle to the next but also Russ mentioned that some of these projects, especially the multifamily projects, can be relatively large and relatively slow to develop that pipeline.

COMMISSIONER HALL: Relatively larger and relatively slower than other programs?

MR. DAVIS: That's correct. And given the issues that we face in terms of financing and other things for some of those larger projects to get the projects going that it made sense to have a longer time period to build pipelines that will continue to drive savings as opposed to what would typically happen which is over the first two and into the third program year try to build up as much savings as we can and then kind of start to cut off the program, because there's uncertainty about what's going to happen in the next three years. So having them available for a six-year time period prevents that from happening.

COMMISSIONER HALL: Okay. Thank you.

MR. MITTEN: In addition to performance metrics for low-income programs would be based on savings per property which is a new way to judge program performance to ensure meaningful savings are achieved for those customers who participate.

Lastly, the savings goal for multifamily properties increases to 15 percent per property which is almost enough savings to eliminate two monthly electric bills per year. This is a very tough performance goal and the Company looks forward to working with the parties to achieve it.

The agreed upon budget for all programs proposed in the stipulation, including the first 34 months of the low-income programs, is approximately $195 million. This represents a reduction of more than $32 million from the budget Ameren Missouri originally proposed for the comparable period, yet the stipulation retains nearly all the programs Ameren Missouri originally proposed.

Also, in an effort to avoid future disagreements, for the first time this stipulation is accompanied by a fully revised MEEIA plan that is consistent with the terms of the stipulation and full of other details about agreed upon programs. The stipulated plan includes several key elements to control costs for customers.

Although MEEIA rules allow actual expenditures above budget to increase by up to 20 percent before the parties are required to come back to the Commission for additional approval, the cap in the stipulation is 5 percent above budget. Performance metrics in the stipulation are limited to 125 percent performance on demand savings and 115 percent on energy savings.

The 115 percent cap on energy savings and the program cost variance cap of 5 percent work together to control throughput disincentive costs. And the stipulation also reduces Ameren Missouri's earnings opportunity target by a full third from the amount originally filed for the 2019-2021 period to reflect the reduced budget targets and compromises reflected in the stipulation.

The stipulated plan includes demand response programs for both residential and business customers. The residential program is a unique comfort centric program that leverages smart thermostats installed in MEEIA's 2016 through 2018 program while the business program is an aggregator style program, which is a type of program that has been discussed in at least one of the Commission's pending workshop dockets.

The parties also agree to engage in collaborative discussions to explore opportunities to keep demand response programs implemented for the long term and by that I mean beyond 2021. Ameren Missouri has committed to hold at least three collaborative discussions on this topic and to file in this docket within 12 months of the stipulation's approval a report summarizing issues explored in those meetings with recommendations for actions necessary to maintain demand response for the long term.

The stipulation also commits the Company to hold additional collaborative meetings to systematically explore additional energy efficient savings opportunities and to file by June 1, 2020 a report detailing the results of those meetings. The timing of those discussion fits with the Company's next market potential study and also the next integrated resource plan filing.

Because energy efficiency is a key component of the Company's planning process to meet future customer demand for electricity, the stipulation also obligates Ameren Missouri to differently analyze demand-side resources included within alternative resource plans as part of its 2020 IRP filing. That filing will also include additional analyses to support avoided transmission and distribution estimates to be utilized in the Company's next MEEIA filing.

In its testimony in this case, Consumers Council of Missouri requested demographic and usage information that could be used to further study how energy efficiency programs affect and benefit low-income customers.

As part of the stipulation, Ameren Missouri will file such data in the docket so it can be used by any party desiring to further study those issues. The stipulation requires the Company to request by December 31 of this year Commission approval of an updated technical resources manual and an updated deemed savings table to reflect the results of program year 2017 EM&V results. This will ensure the MEEIA 2019 through 2021 plan starts with the latest EM&V results available.

Finally, the stipulation identifies three Commission rules for which waivers may be necessary in order to implement the proposed MEEIA plan. Those rules are identified on page 9 of the stipulation along with the parties' rationale for the requested waivers.

As I indicated at the beginning of my summary, this stipulation and agreement was reached after a thorough review of all issues relevant to the MEEIA filing Ameren Missouri made in June of this year. It's a compromised solution that reflects the thoughtful consideration of the signatories, as well as the conscious decision of each non signatory party not to oppose the stipulation.

By adopting the stipulation, the Commission will ensure energy efficiency programs based on this thoughtful compromise will continue to be available to Ameren Missouri's customers beginning March 2019. The parties estimate the net benefit to all customers from the stipulated plan would be about $324 million using the utility cost test and about $219 million using the total resource cost test.

That's the spirit and purpose underlying the stipulation, and it's on that basis the parties request approval of the stipulation by the Commission. That concludes my opening statement, Your Honor.

JUDGE DIPPELL: Thank you. Are there additional Commissioner questions at this time?

COMMISSIONER HALL: Yeah.

JUDGE DIPPELL: Commissioner Hall?

COMMISSIONER HALL: Thank you. The DR program, I guess I'll start with the residential demand response program, this would be a retail tariff as opposed to a wholesale tariff; is that correct?

MR. MITTEN: Correct.

COMMISSIONER HALL: And is it anticipated that this will be -- Who's going to administer the residential program? Are you going to do that yourself or are you going to hire someone to do it?

MR. MITTEN: I believe we're going to hire, but if I may again defer to Mr. Davis for details on the program.

MR. DAVIS: Yes, we will hire someone to run both the residential and business demand response portfolio.

COMMISSIONER HALL: And so will the participants in the residential DR program have to have a smart meter?

MR. DAVIS: They won't be required to have a smart meter. They will be required to have a smart thermostat.

COMMISSIONER HALL: And how do you -- How many customers do you anticipate enrolling in this program? I saw a chart somewhere, but I can't remember now.

MR. DAVIS: That's a good question. I'd have to look it up, but I'm thinking we had -- I'm thinking we were targeting about 7,000 per year.

COMMISSIONER HALL: Incrementals of 7,000 and 14?

MR. DAVIS: Yes.

COMMISSIONER HALL: Can you explain to me the concept of using as a baseline 50 percent of those customers and then figuring out the savings compared with the other 50 percent? I think that's an interesting approach, but it's just not one I'm familiar with.

MR. DAVIS: Well, I'm not sure where you're seeing the 50 percent, but really the concept is that there needs to be a baseline. And the intent is that you have people who are in the program and so they know they may be called for demand response events, but we hold them out so when we call an event we have some customers who are in the controlled group for measuring the demand savings of the program.

COMMISSIONER HALL: Did I hallucinate the 50 percent or isn't that in the --

MR. DAVIS: That's what I was looking for in terms of where exactly that was.

MR. MITTEN: Do you recall where in the stipulation that was, Commissioner Hall?

COMMISSIONER HALL: I think it's in one of the appendices.

MR. DAVIS: It could have been in the report as well.

MR. LUEBBERT: It talks about a partition, but I don't think it necessarily says 50 percent.

THE COURT REPORTER: Could I have your name, please?

MR. LUEBBERT: Yeah. Sorry. J Luebbert, PSC Staff.

THE COURT REPORTER: Thank you.

MR. DAVIS: It's page 8.

MR. LUEBBERT: On page 8, I think you're referring to partitioning into two groups, but I don't think the two groups are necessarily 50 percent. It will just be a controlled and a test group.

COMMISSIONER HALL: That makes sense. So on the business DR program, that is actually anticipated to be something that will be bid into MISO?

MR. DAVIS: That is correct, in terms of the aggregate portfolio itself, yes.

COMMISSIONER HALL: And it would be bid into MISO for both capacity and energy?

MR. DAVIS: Right now I think we're looking at it on the basis of capacity only is my recollection. There may be some energy benefits associated with times we call it but right now it's mostly capacity based program.

COMMISSIONER HALL: Okay. Next line of questions is I'm wondering if someone can walk me through Appendix C which is the avoided costs.

MR. DAVIS: Appendix C is basically a reflection of the same avoided costs that were used in the Company's 2017 integrated resource plan. We just have columns of the individual components that are pretty normal for what we look at which is the avoided energy.

COMMISSIONER HALL: Well, that I understand. But go to avoided capacity and explain to me.

MR. DAVIS: Avoided capacity is really about what I would call maybe avoided generation capacity. So the capacity of generation resources to meet peak demand requirements whereas avoided --

COMMISSIONER HALL: How does that result in actual savings? How is that an avoided cost if it's a plant that is up and running that -- well, it may not be running but ratepayers are paying depreciation on it. How is that an avoided cost?

MR. DAVIS: Sure. Well, because we bid -- We put all of our load in the market. So we have to buy capacity to meet those load requirements. By having lower load, we have lower requirements to buy capacity.

COMMISSIONER HALL: Okay. So by "capacity," you are referring to the capacity market?

MR. DAVIS: That's correct.

COMMISSIONER HALL: Okay. Avoided transmission?

MR. DAVIS: Avoided transmission is an estimate of the avoided investment needs in the expansion of the transmission system over a long period of time given the fact that we are reducing load so there would be less requirements for transmission infrastructure and the same with distribution.

COMMISSIONER HALL: Okay. So on the transmission, you're referring -- So that's transmission that you will not need to build or at least transmission that you will not need to pay for?

MR. DAVIS: That's correct. It's mostly about the investment in the infrastructure. It's more about the build requirements.

COMMISSIONER HALL: It has nothing to do with transmission lines that are already up and cost allocated. We're talking about new transmission?

MR. DAVIS: That's correct. Some of those existing transmission costs are baked into the avoided energy costs. Actually as we went through the case we did find some transmission costs that were excluded from that avoided energy cost that ultimately just were included in my testimony but aren't included in the numbers here.

COMMISSIONER HALL: And that's actually where I was confused because if we're talking about transmission lines already built, transmission lines that are already cost allocated, Ameren customers using less energy doesn't reduce what all Ameren customers have to pay for that transmission line. So I'm confused as to where the avoided transmission costs are.

MR. DAVIS: That's why that avoided transmission cost that you see separated out is about investment in the infrastructure.

COMMISSIONER HALL: In new infrastructure?

MR. DAVIS: That's correct. The avoided

transmission expense that we may get from let's say MISO, for example, to the extent our load is lower than it otherwise would be, then our allocation percent would go down.

COMMISSIONER HALL: But not on MVPs. Which transmission projects are you talking about?

MR. DAVIS: Well, I'm just talking about maybe like load losses, transmission losses, some things like that.

COMMISSIONER HALL: And then on avoided distribution, it's the same concept that this would be investment that you do not need to make?

MR. DAVIS: That's correct.

COMMISSIONER HALL: Okay. I have a couple more questions about the low-income programs. First of all, I very much appreciate their inclusion in this settlement, but what I don't understand is are there increased incentives for, say, a thermostat or for appliances, et cetera. Are there increased incentives compared to non low-income customers?

MR. DAVIS: Yes, quite a bit increase.

COMMISSIONER HALL: Where is that explained?

MR. DAVIS: Give me just a moment. Just bear with me. I'm just going to put together an example so we can see the difference.

I'm looking in particular at Appendix D. I'm looking at page 4 and page 5 in particular. Now, Appendix D are the incentive ranges because as we get closer to implementation we zero in on the exact incentive we expect to offer. But even just looking at the ranges, you can see some differences. And I just was going to pick on one of the ones I saw first which was the ductless air-conditioner.

COMMISSIONER HALL: I'm sorry? You're in Appendix B?

MR. MITTEN: D.

MR. DAVIS: D as in dog.

COMMISSIONER HALL: I apologize. Okay.

MR. DAVIS: So for example, any measure that was on both lists we could look at. I just happen to pick ductless -- AC, which is ductless air-conditioner. You see on page 4 you have a range of $100 to $800. So our expected incentive will be in that range. But on page 5, you have the same measures but with a different range and you'll see there for the ductless AC 200 to full cost. So in a lot of cases we'll see the incentive come in a lot higher. Full cost isn't just incremental cost. It may be the cost to install, which would include labor as well.

COMMISSIONER HALL: Okay. And then could you explain to me the multifamily low-income program? I understand trying to facilitate financing and one-stop shopping, et cetera, et cetera, but what are the increased incentives there?

MR. DAVIS: Well, we're going through that. In fact, we're largely redesigning that program, because it's a difficult market because you have the tenants versus the landlord situation in terms of who pays the energy cost. Part of it is dealing with that. The way we anticipate this working is building packages of savings which include lights all the way up to maybe heating and cooling upgrades and provide incentives more like a custom project so cents per kilowatt hour based on how those packages are built up. So the more savings that the property owner may subscribe to the more incentives that that customer would get.

I was looking at here really quickly to see where we see that on here. For example, if you were to look at page 6, page 6 is where you see some of those ranges and they change because, for example, I'm looking at the HVAC measure, which is about right in the middle, and you see a measured incentive range of 5 cents to 30 cents a kilowatt hour. That's from a program design standpoint for customers that were doing heating and cooling upgrades that they would get a higher cents per kilowatt hour for that type of project.

COMMISSIONER HALL: Okay. Next line of questions. What is Ameren going to be doing differently in conjunction with Staff and the other parties as it relates to the coordination of IRP and MEEIA? I understand from looking at some testimony that that was kind of an important issue. It's an important issue at least to me. And I appreciate the interest in trying to coordinate those better, but I can't quite understand what it is that has been agreed to.

MR. DAVIS: I think it's going to happen in a couple different ways, and it's going to start with our new market potential study. So we've sent out the request for proposal for that already, but how we build that plan up and the market research we do, number one, is we're working as a collaborative to actually define the scope of what that primary market research is. That's the number one way we'll be working differently together.

Even as we go through that going into the integrated resource plan we're going to build alternative resource plans in a different way. What we've done in the prior integrated resource plans is take that portfolio from our market potential study and use that as an alternative resource plan. What you see reflected in here as a way of doing that differently is what we call the dynamically optimized portfolio. What we're going to do is build new alternative resource plans that build a demand-side management portfolio from bottom up based on resource needs in the capacity position. That's a totally way of doing it. We're going to have to work as a group as we start to build those alternative resource plans probably in early 2020 to figure out exactly what that means and how we're going to do it. It's going to be done in a couple different ways. We haven't done it that way yet.

COMMISSIONER HALL: Is that something that other utilities in other states have been doing for awhile?

MR. DAVIS: Not that I'm aware of.

COMMISSIONER HALL: Who is going to be doing the EM&V?

MR. DAVIS: Right now we're in discussions with a company called Opinion Dynamics. We're working through exactly who's going to do it. We're going through that process as we work towards approval and execution of the plan.

COMMISSIONER HALL: Does the stipulation require a third-party independent EM&V?

MR. DAVIS: I don't think the stipulation does. I think the Commission rules do.

COMMISSIONER HALL: I thought that there was at some point there was -- that was a contested issue as to whether or not Ameren could do it itself or whether it needed a third party.

MR. MITTEN: I believe the stipulation calls for collaboration on improvements in the EM&V process going forward.

MR. DAVIS: Maybe, Commissioner Hall, you're talking about the cost effectiveness analysis?

COMMISSIONER HALL: Uh-huh.

MR. DAVIS: Is that in particular again? We would expect that to go through Opinion Dynamics. They may decide to subcontract that out, but actually we're going to also have that done by our evaluator for program year 2018 as well.

COMMISSIONER HALL: I think my last question for the Company, which is a question I'll also be asking the Staff and maybe some of the other parties as well, and I believe that you alluded to this in your opening, but can you explain to me how this stipulated program -- stipulated-to program is beneficial to all customers, even those customers who are not taking advantage of the programs?

MR. MITTEN: I can. First of all, let me talk about the direct benefits. We believe based upon the data that we've analyzed that since I believe 2009 approximately 70 percent of Ameren Missouri's customers have participated in one or more of its energy efficiency programs.

As far as the other customers are concerned, they benefit in a number of ways. First of all, to the extent we're able to defer investment in generation and in transmission and distribution, those investments are not going to show up in the rate base that's used to set rates. So the rates for customers would be lower than they otherwise would be.

I think Mr. Davis mentioned a moment ago in terms of what we would have to buy from MISO in terms of capacity and actual energy. To the extent our needs in those areas are reduced, all customers would benefit from that lower level of expense as well.

COMMISSIONER HALL: Ameren is long on capacity. So in the capacity market it currently makes money. So is the assumption that it will make more money and that's the benefit at least on generation?

MR. DAVIS: In the short term, that is correct. In terms of Ameren making more money, it's reducing costs to customers that what happens, but really what we saw is also that these programs especially with the focus on long-lived measures which is in the agreement and in the earnings opportunity performance metrics that the programs will also influence the future capacity needs and in addition impact the investment and transmission and distribution over the long term.

COMMISSIONER HALL: The last time Ameren was before this Commission with regards to MEEIA, and there was an order issued by the Commission, the Commission made it very clear that there needed to be a reduction in supply-side investment connected to any kind of performance incentive.

I don't see that the parties have taken that to heart in the settlement, or am I missing something?

MR. MITTEN: There isn't a specific reduction in supply side that's included as part of the stipulation, no.

COMMISSIONER HALL: Does someone want to spin that in a way that is of some value to the stipulation? I appreciate the honesty, though, I must say.

MR. DAVIS: Commissioner Hall, I just wanted to reiterate a point I made earlier which was in the earnings opportunity performance metrics, we have one of the metrics is very heavily weighted towards the peak demand savings on long-life measures, specifically measures of 15 years or more and the belief was that focusing on those measures increases the likelihood of the impact on future investment, specifically in generation resources.

MR. MITTEN: I would also add that I think the parties are in agreement that there are benefits to all customers based upon the plan that's being proposed in the stipulation even though there is not a specific reduction in supply-side resources.

MR. LUEBBERT: This is J Luebbert. Just to add on to that, I think the agreement that we made regarding collaboration with demand response over the long term also goes toward that deferral of the supply-side resource. And just to echo what Bill said, focusing on those long-term assets as far as the earnings opportunity and the program design went a long way as well.

COMMISSIONER HALL: Okay. I have no further questions. Thank you.

MR. HYMAN: If I may, Commissioner. I think -- sorry, Martin Hyman.

JUDGE DIPPELL: Can you maybe come forward, Mr. Hyman, so the -- Thank you.

MR. HYMAN: Get to sit next to Bill. I think from the Division's perspective there are a number of benefits to all customers. The first and most obvious being those avoided costs both in terms of the short-term avoided capacity and energy payments as well as those long-term deferrals or reductions in investments. There are a number of others that I would point to that maybe aren't directly quantified here such as giving customers better control over their bills, the ability to participate in these programs. They added planning flexibility for the utility.

DSM programs give the utility the ability to more reasonably look at things such as early generation retirements, which was something that you see in their IRP filing. They looked at some scenarios with Meramec, I'm sure I'm butchering that, retiring a few years earlier in conjunction with the RAP-level portfolio. And then there are just all of the non energy benefits that are there as well such as reduced emissions. So that from our perspective there are a lot of benefits to all customers.

JUDGE DIPPELL: Are there any other responses to the Commission question at this point? Ms. Dietrich?

MS. DIETRICH: Natelle Dietrich, Commission Staff. I would also add, Commissioner Hall, that for Staff one of the key provisions was the reduction for most of the programs from six years to three years which allows the Commission to review all this in a more timely manner recognizing the rapidly changing industry and technology.

JUDGE DIPPELL: Mr. Marke or Dr. Marke?

DR. MARKE: Geoff Marke, OPC, G-e-o-f-f. Thank you. One thing that I would add is I think there is benefit in not having to start or cease a program in its entirety. So the fact that we are continuing programs we're obviously operating in a dynamic world, things are changing, and I think there's a recognition that when we revisit the IRP in a couple years that we might be seeing something very different. The opportunity to move forward with a demand response in any different manner, perhaps more aggressively, would be easier given the fact that we've got programs in place as opposed to having to start from scratch.

JUDGE DIPPELL: Mr. Coffman?

MR. COFFMAN: Just one more point of clarification. At least I hope it is. This is really more in response, I guess, to Commissioner Hall's initial question about the low-income programs. It's our interpretation of the stipulation that while it preapproves the low-income programs in the original application for a period of six years, it would not preclude this Commission nor preclude parties from proposing additional low-income programs three years from now in the case that will be filed in 2021. We believe it's very important that the Commission review this and that there's public accountability at least every three years. So that's very important to us and the new tracking which Ameren has been so good to work with us on to track the impact on low-income families over the next three years we hope to bring back to the Commission and show in some graphic ways in three years and hopefully that will guide decisions at that point. I just want to make it clear that at least as far as we understand, if someone else disagrees they can speak up later, but it's our understanding that there would be an opportunity in three years to look at the low-income programs. While these particular programs would be going on for six years, there is the opportunity to look at new or different programs as well in three years.

MR. MITTEN: The Company concurs with Mr. Coffman's interpretation.

JUDGE DIPPELL: Are there any other questions for Ameren at this specific time from the Commissioners?

Thank you, Mr. Mitten.

Would Staff like to make any presentation or add any comments about the stipulation?

MR. THOMPSON: I don't have a presentation, Judge. I can simply say that Staff opposed the Ameren application initially as is reflected by Staff's extensive rebuttal report; but through negotiation, Staff has signed onto the stipulation and agreement because Staff's concerns have been addressed.

Attached to the stipulation is a revised report, which is frankly a complete rewrite of the original proposal. Thank you.

JUDGE DIPPELL: Thank you. Commissioners, were there any questions for Staff at this point? Commissioner Hall?

COMMISSIONER HALL: Thank you. Mr. Thompson, you say that Staff's concerns were completely addressed in the stipulation?

MR. THOMPSON: I don't think I said completely. I think I said that they were addressed to the point where Staff was able to join in the stipulation and support the program.

COMMISSIONER HALL: Can you explain to me how the stipulation addressed the concern raised in Mr. Luebbert's testimony and Ms. Dietrich's testimony and in the rebuttal, in Staff's rebuttal report concerning avoided cost estimates related to supply-side resources?

MR. THOMPSON: I believe Mr. Luebbert can address that for you, Mr. Commissioner.

MR. LUEBBERT: J Luebbert, PSC Staff. Specific question about the avoided capacity cost, is that?

COMMISSIONER HALL: Yes.

MR. LUEBBERT: Okay. So Staff recognizes that there is potential revenues to be gained from -- due to Ameren's participation in MISO because of the capacity market.

COMMISSIONER HALL: And you were unaware of that before?

MR. LUEBBERT: No, I wasn't unaware of it, but the assumption that there's an avoided cost to me is slightly different than a missed opportunity for revenue. There is a benefit there. And through, if you read Matt Michels' surrebuttal testimony, their market-based approach does seem to be reasonable because of that avoided -- or that potential revenue.

COMMISSIONER HALL: So are you saying, in essence, that Staff was persuaded by the Company on this issue or was there something that was changed in the stipulation to address your concern?

MR. LUEBBERT: I'd say -- I don't think there's anything in the stipulation that changes my position on that. It was more so the market provision section of the rule that I guess from my perspective I wasn't looking at it from that perspective in rebuttal testimony.

COMMISSIONER HALL: Do you believe that the performance incentive is connected to a reduction in supply-side investment?

MR. LUEBBERT: There is -- Through the program design looking at those long-term or long-lived measures and really driving the investment towards those, there is modeled a supply-side deferral.

COMMISSIONER HALL: I'm looking at the seven metrics used in the earnings opportunities. Can you point out to me where that is?

MR. LUEBBERT: Give me just a moment. You're looking at Appendix N?

COMMISSIONER HALL: Actually I'm looking at the revised plan.

MR. LUEBBERT: I don't have that in front of me.

COMMISSIONER HALL: I'll look wherever you tell me to look.

MR. LUEBBERT: Okay. If you look at Appendix N for the portfolio level.

COMMISSIONER HALL: Appendix N to the stipulation?

MR. LUEBBERT: Yes.

COMMISSIONER HALL: N?

MR. LUEBBERT: N as in Nancy. It's an Excel file.

COMMISSIONER HALL: I don't have that. Explain it to me. I don't have it in front of me.

MR. LUEBBERT: I can give you a copy.

COMMISSIONER HALL: You might need it to explain it to me.

MR. LUEBBERT: So the final three rows in that, I guess three of the final four because there's a total line, are energy efficiency coincident megawatts for those measures with lives between 10 and 14 years. The next row down are the energy efficiency coincident megawatt reduction for measures with 15 years and longer lives. And those are evaluated either in the final year of that measure life or in the 15th year depending on which category that falls under. And then that final metric would be the demand response megawatt reductions, which as I said earlier the discussion toward having some sort of understanding on how to continue demand response other than just in three-year segments, that would also lead to a further deferral of a supply-side investment potentially.

COMMISSIONER HALL: So it's an indirect

relation to a deferral of a supply-side investment. It's not an actual deferral of a supply-side investment. I'm not critical because of that distinction, because I don't know how you would actually design it the way I'm describing. So it seems like what you're doing and what the parties have agreed to is an attempt to comply with the Commission's prior order that there has to be a connection to a supply-side -- to a reduction in supply-side investment without actually doing it directly.

MR. LUEBBERT: Let me clarify.

COMMISSIONER HALL: Does that make sense to you because I'm not sure it made sense to me.

MR. LUEBBERT: I think I understand but let me clarify. What you're -- I think the scenario that you're discussing where you would defer an actual supply-side investment would be if you were to need a supply-side investment today.

COMMISSIONER HALL: Or retire something early.

MR. LUEBBERT: Right. And in this scenario, I think yes, your assumption is right that we're saying there's a potential supply-side investment at a given date in the future and that would be deferred. So you would essentially avoid that investment.

COMMISSIONER HALL: My memory is that this plan includes retiring one facility two years early, is that correct, from 36 to 34?

MR. LUEBBERT: It would be avoiding -- I believe it's avoiding investment of a combined cycle unit. The assumption for the retirement date I believe remained the same between the base plan and the MEEIA plan.

MR. DAVIS: Commissioner Hall, if I may. Just thinking about your question and the way we've analyzed it, from the testimony I provided most of that analysis was based on the six-year plan. One of the things we explored quite a bit at least when we were looking at a six-year plan and successive MEEIA plans was the fact that they all contribute to deferrals of those supply-side resources, and at least from my perspective there's one of the things we were discussing in testimony is about how you attribute those deferrals to a particular MEEIA plan. So for example, this --

COMMISSIONER HALL: That's the relay metaphor that you used, right?

MR. DAVIS: That's correct. So this particular example we're talking about a three-year plan and with the focus on 15-year life, this plan, and I don't think we actually did the alternative resource plan for just the three-year plan. So it may have deferred that 2034 combined cycle plan, you know, two years something in that time from year, two years. Part of the reason why I think you see kind of that indirect connection is that with the energy efficiency portfolios from the past and even moving forward that it's the continuation and sustained investment in energy efficiency that really is what accomplishes those deferrals and maximizes that deferral benefit.

COMMISSIONER HALL: Okay. Thank you.

JUDGE DIPPELL: Thank you. Are there any other Commissioner questions for Staff at this time? All right then. Office of Public Counsel, did you have anything you would like to add at this time?

MR. WILLIAMS: No, I do not, but Dr. Marke is available should the Commission have any further questions of him.

JUDGE DIPPELL: Are there additional questions for the Office of the Public Counsel? Commissioner Hall?

COMMISSIONER HALL: Probably just a few. What did OPC get out of the stipulation?

DR. MARKE: I think in terms of the stipulation we were largely in alignment with Staff throughout. We relied on Staff's analysis quite a bit. In terms of specific provisions, it was a priority for us that the earnings opportunity be reduced, we believe that was, to a level we were comfortable with.

We had some productive conversations in terms of EM&V moving forward that I think that we've got a collective understanding. When you're talking about money this large and with the understanding that MEEIA is an ongoing process, there's a pre-stage, continuous stage and a future stage. We're still dealing with MEEIA Cycle 2. We're in MEEIA Cycle 3. Almost immediately they're going to be planning for MEEIA Cycle 4.

All of those interdependencies mattered and we felt like we made progress along those lines. We had a specific carved out request regarding prepay and it being treated not as a MEEIA measure or a program for future consideration. And I believe its Section 9 on the stipulation that speaks to that.

I think the focus on demand response and long-lived measures, again you've heard this a lot, about 15 years, but that is the trend that you're seeing in a lot of utilities. You're seeing, quote, unquote, deeper savings that are being realized and that would be reflected and it's reflected in the earnings opportunity.

We very much support the low-income programs.

We feel like it's a very positive direction, and I'm very optimistic about Consumers Council's request which included an energy efficiency equity based line, a concept pioneered by Dr. Tony Reames out of the University of Michigan. Dr. Reames had previously done work on the City of Kansas City that looked at energy efficiency adoption rates across zip codes and income classes.

We feel like being able to visualize that just like on a GPS mapping level we'd have a better understanding of really accomplishing what you were talking about before which is getting the savings for all customers and ensuring that. Right now it's always been a concern that the energy efficiency programs have a degree potentially of overaggressive nature because a lot of people don't have that up-front capital to adopt those measures.

So we're hoping that that will shed some new light and move forward with the IRP process.

COMMISSIONER HALL: Was Public Counsel pushing for a reduction in program costs?

DR. MARKE: Initially we were largely against the program as it was initially designed. We felt -- I think at a very, very high level we were very skeptical about six years -- the six-year program. And we reached out to feedback from outside parties and nationally recognized groups. ACEEE comes to mind and whether or not six years made sense. The response that we overwhelming got was no, that we needed -- you needed to be able to be flexible and a lot can happen in three years so could we be in a position where if the market fundamentally changes and we need to be more aggressive, absolutely, but the concern there was being locked into six years wasn't good. Did we move for a lower budget? We did.

And again, I believe that's largely -- and that's largely borne out by I would argue allocating those costs towards those long-life measures as opposed to lighting measures or the shorter life measures. That's a net win from our perspective.

COMMISSIONER HALL: Thank you.

DR. MARKE: Thank you.

JUDGE DIPPELL: Any other questions for Public Counsel? Is there anything further from the Consumers Council? Mr. Coffman?

MR. COFFMAN: Not at this time. We support the stipulation and feel like it addresses all of our issues. We're very happy with it.

JUDGE DIPPELL: Were there any questions for Mr. Coffman? Kansas City Power & Light, anything to add?

MR. FISCHER: Judge, we have no opening statement. I would just say that we are a nonsignatory but are pleased to see the efforts of the parties to resolve the issues in this case and I'll leave it at that.

JUDGE DIPPELL: Anything for Mr. Fischer?

COMMISSIONER HALL: If Mr. Caisley was here maybe -- If Mr. Caisley was here maybe but no, no questions.

MR. FISCHER: Okay. Thank you.

JUDGE DIPPELL: Division of Energy?

MR. LANAHAN: Yes, Your Honor. As stated, the Division of Energy supports this stip, and I'll defer to Mr. Hyman to provide some more elaboration into the reasons why.

MR. HYMAN: Thank you. I think there are a number of policy goals that were accomplished with the stipulation that got us to the point where we were willing to sign on. The MEEIA funding level is increased over Cycle 2 and thus low-income programs will run for six years in Cycle 3 to enable deeper savings. Another important point for us, and Ms. Epperson can speak to this more if needed, is that CHP will continue to be an eligible measure under the business custom program and Ameren has also agreed to notify us of customers that are interested in CHP, or combined heat and power, excuse me.

There's going to be support from the Company for both a circuit rider program and building operator certification training.

Circuit rider, if you're not familiar with it, is basically someone who would go around the Ameren territory and help local building officials, builders, et cetera, with code compliance. This grew out of a study that we did in conjunction with the Midwest Energy Efficiency Alliance, the other MEEA, and Pacific Northwest National Labs that found a surprising rate of noncompliance on a number of measures in the new residential construction sector.

And then building operator certification training, or BOC, is basically what it sounds like. Helping those who are in charge of building operations and maintenance run more efficiently. The stipulation lastly includes a mechanism where stakeholders will get together and discuss new savings opportunities kind of like how we had in Cycle 2. We were pleased with that and the outcomes of that.

We're hopeful that stakeholders can work towards implementing additional measures and programs in order to pursue all cost effective savings under the MEEIA statute. That was mostly what I had.

JUDGE DIPPELL: Thank you. Are there Commissioner questions for Mr. Hyman?

COMMISSIONER HALL: No questions. Thank you.

JUDGE DIPPELL: Thank you, Mr. Hyman.

Is there anything else from National Housing Trust and Tower Grove?

MR. LINHARES: Yeah, just briefly, Judge. I would just like to say -- comment specifically on the low-income multifamily program, which myself and my clients have been able to work with the Company very closely over a number of months. This program really represents an affirmation of the success of the multifamily program in Cycle 2 and an expansion on that.

There's a number of things that make us really confident that this program will be more successful and will be able to accomplish the goals because it is a hefty expansion over the Cycle 2 program. Some of those things are that we are really going to be doubling down on the one-stop shop approach here.

The Company is going to be able to, and you can see this in the report, the description of the multifamily program. The Company is going to be able to do everything from hiring, suggesting and hiring contractors for the building owners and property managers, figuring out the financing, packaging all of the available rebates for them so they don't have to apply separately and have it be confusing. We think this is just really going to streamline the delivery of the program for this segment of customers that need it the most and have been traditionally left out of efficiency programs.

And then the last part that I will highlight, which has already been mentioned, but in the earnings opportunity portion of this filing there's a specific term for the multifamily -- the low-income programs in general and the multifamily program specific where we're really going after deep savings for each building. So the Company specifically incentivized to achieve a high percentage of savings per participating customer. This gets us beyond direct install light bulbs and faucet aerators. We're going to be really working on building envelope and appliance replacement. This is where you get deep savings and you can make a real difference in tenants and building performance.

We fully support the stipulation. We really -- We're happy to work with the Company closely on that program. I'd be happy to answer any questions on that.

JUDGE DIPPELL: Are there any questions for

National Housing Trust and Tower Grove Neighborhood Community Development Corporation?

COMMISSIONER HALL: No questions. Thank you.

JUDGE DIPPELL: All right. Thank you. Is there anything from Renew Missouri?

MR. OPITZ: Thank you, Judge. I'll just say that Renew Missouri supports the stipulation and was a signatory to it. Thank you.

JUDGE DIPPELL: Any questions from the Commissioners?

COMMISSIONER HALL: No questions.

JUDGE DIPPELL: Is there any other party that would like to make any final remarks?

Seeing none. Is there anything further from the Commission? Commissioner Hall?

COMMISSIONER HALL: Very briefly. I want to congratulate the parties for putting this together. I think this is a tremendous agreement. I think there's a number of extremely valuable components. The demand response program is excellent. The low-income programs are excellent. Connecting the IRP better with MEEIA going forward is long overdue.

I personally wish there had been a little bit more of a focus on a reduction in supply-side investment tied to the performance incentive, but I understand the difficulty in doing that and appreciate the parties' attempt to comply with that concern raised in the Commission's prior order. So I fully anticipate supporting approval of the stipulation and again congratulate the parties for putting it together.

JUDGE DIPPELL: Anything further from the Commission? All right. Then I believe that that will conclude our presentation today and we can go off the record. Thank you all very much.

(Off the record.)

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I, Beverly Jean Bentch, RPR, CCR No. 640, Certified Court Reporter with the firm of Tiger Court Reporting, LLC, within the State of Missouri, do hereby certify that I was personally present at the proceedings had in the above-entitled cause at the time and place set forth in the caption sheet thereof; that I then and there took down in Stenotype the proceedings had; and that the foregoing is a full, true and correct transcript of such Stenotype notes so made at such time and place.

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