

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

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

STAFF’S STATEMENT OF POSITION FOR CASE NO. EO-2012-0142

- 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 reject Ameren Missouri’s application for approval of demand-side programs and state what modified plan it would approve, if acceptable to Ameren Missouri, because Ameren Missouri’s application does not comply with the policies the Commission established in rules 4 CSR 240-3.163, 4 CSR 240-3.164, 4 CSR 240-20.093 and 4 CSR 240-20.094 to implement the Missouri Energy Efficiency Investment Act. Ameren Missouri proposed this utility incentive component after the Commission expressly considered and rejected a policy that would base that component on the prospective approach. Ameren Missouri requests a variance, but has not shown the good cause required to vary from those rules.

Staff Witness

John Rogers

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

Only if, after Ameren Missouri re-evaluates demand-response programs using the Chapter 22 process, none are cost effective.

The Commission should find that Ameren Missouri’s plan does not fully evaluate the prudence, reliability and economic value of demand response (DR) programs and is inconsistent with the MEEIA statute in that the “[C]ommission shall permit electric corporations to implement commission-approved demand-side programs proposed pursuant to this section with a goal of achieving all cost-effective demand-side savings.” To be consistent with this state policy Ameren Missouri should use the Chapter 22 process to re-evaluate demand-response programs, then seek for the Commission to approve those that are cost effective as MEEIA programs.

4 CSR 240-20.094(3)(A)3. allows the Commission to approve DR programs that, in part, the Company has included in its preferred plan or have been analyzed through the integration process required by 4 CSR 240-22.060. As part of Ameren Missouri’s Integrated Resource Plan, the direct load control DR programs had a total resource cost test value of 2.69 for small

commercial and industrial customers (C&I), 1.48 for the large C&I customers and 2.59 for residential customers.

The Commission has previously commented on the Company's current approach on DR programs in its Report and Order for Case No. EO-2011-0271, the Company's 2011 Chapter 22 Electric Utility Resource Planning filing. In its Order, the Commission stated that "...Ameren Missouri did not evaluate whether existing supply-side resources could be replaced with less costly demand-side resources." Also, that "Ameren Missouri is considering the possible retirement of part of its coal-fired generation fleet and is considering very expensive environmental upgrades to the portion of its fleet that is not retired. If it would be more effective to retire those plants and replace them with cheaper demand-side resources, that possibility should be considered in the planning process." In the Matter of Union Electric Company's 2011 Utility Resource Filing Pursuant to 4 CSR 240 – Chapter 22, Case No. EO-2011-0271, March 28, 2012 Report and Order, pp. 11 – 12.

Besides prudence concerns, DR programs offer reliability and economic benefits. Studies have shown that DR programs enhance reliability and lower energy costs by reducing the peak demand and shifting energy usage to off peak hours. The absence of any DR programs in the Company's DSM portfolio is a serious concern because these programs must be in place to quickly utilize them to mitigate unforeseen events. If they are not in place, they cannot be rapidly deployed in time to help mitigate peak loads that exceed forecasted values or unplanned outages of generation or transmission and distribution capability that may result in blackouts or brownouts.

Staff Witness

Randy Gross

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?

No. The Commission should reject both the tariff sheets filed with Ameren Missouri's application and with the surrebuttal testimony of Daniel Laurent, and require the Company to file new tariff sheets pursuant to 4 CSR 240-20.094 (3)(D) if the Commission modifies its DSM programs and DSIM and the Company accepts those modifications.

Staff Witness

Michelle Bocklage

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

Yes, the Commission should order Ameren Missouri to file amended tariff sheets pursuant to 4 CSR 240-20.094 (3)(D) prior to the implementation of its approved DSM programs. The Company should include additional detail including the following:

- *the amount of the incentive and/or rebate associated with each demand-side measure for each DSM program; and*
- *the requirements of 4 CSR 240-14.030, as described further below in 1(B)ii.*

Staff Witness

Michelle Bocklage

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

No, the Company’s exemplar tariff sheets do not comply with the Commission’s Promotional Practices requirements. For compliance, the tariffs require additional information pursuant to 4 CSR 240-3.150(2):

A statement of the terms and conditions governing the promotional practice; and

- *Other information relevant to a complete understanding of the promotional practice.*

Regarding Chapter 14 of the Commission’s Promotional Practice rules, Ameren Missouri proposed revised exemplar DSM program tariff sheets that would not include individual program measures and incentives details but would simply refer interested parties to an Ameren Missouri website for further information on program measures and incentives amounts. This information is necessary within the tariff sheets on file with the Commission in order to comply with Chapter 14 of the Commission’s rules.

Staff Witness

Michelle Bocklage

- 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?**

Yes. Ameren Missouri’s total resource cost test for its Residential Refrigerator Recycling program does not comply with the definition of total resource cost test in rule 4 CSR 240-3.164(1)(X) because utility incentive payments are a positive cost to the utility and a negative cost to the participant and, therefore, if included in calculation of the total resource cost have no impact on the result since they are offsetting. However, Ameren Missouri erroneously included the incentive payments for the Residential Refrigerator Recycling program as a positive cost to it, but not as a negative cost to participants in those programs. Not only is Ameren Missouri’s treatment of these incentive payments erroneous under rule 4 CSR 240-3.164(1)(X), that

treatment does not comport with the generally accepted method for calculating the total resource cost of a program.

Ameren Missouri's total resource cost test for its Residential Home Energy Performance program does not comply with the definition of total resource cost test in rule 4 CSR 240-3.164(1)(X) because Ameren Missouri included \$1,491,270 of avoided gas production and \$64,789 of avoided gas capacity costs when these are avoided costs of a gas utility, not Ameren Missouri's operations as an electric utility. Only the avoided costs of the electric utility operations are properly includable when determining the total resource cost for an electric utility.

Staff Witness

Hojong Kang

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?

Variances Regarding Inclusion of Proposed DSM Programs in the Company's Preferred Resource Plan—Yes. Ameren Missouri did not request this variance in its direct filing or any subsequent filing. Should the Company agree to re-evaluate the demand-response programs in its Preferred Resource Plan for approval as MEEIA programs, then the Staff would support this variance and recommend approval of the Company's DSM program plans. 4 CSR 240-20.094(3)(A)(3) which requires the proposed DSM programs be included in the electric utility's preferred resource plan or have been analyzed through the integration process required by Rule 4 CSR 240-22.060 to determine the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility. The Commission should find Ameren Missouri's MEEIA filing is inconsistent with the policy of the State of Missouri stated in MEEIA "to value demand-side investments equal to traditional investments in supply and delivery infrastructure...." To be consistent with this state policy Ameren Missouri should use the Chapter 22 process to re-evaluate demand-response programs, then seek for the Commission to approve those that are cost effective as MEEIA programs.

Variances Regarding Implementation Flexibility for its DSM Programs—No. The Company did not request any of these variances within its direct filing, and only in a footnote in the Company's surrebuttal testimony of Mr. Daniel Laurent is the request made, if the Commission finds variances necessary. The Staff does not support these variances because the flexibility the Company desires also requires variances from the Commission's Filing and Report Requirements (Rule 4 CSR 240-3.150(2) and from the Commission's Utility Promotional Practices (Rule 4 CSR 240-14.030) and further, because the Commission should retain oversight over Ameren Missouri's programs and can accommodate Ameren Missouri's implementation flexibility concerns by expeditiously addressing changes to its tariffs to modify its demand-side programs plan implementation, there is no good cause for the Commission to grant Ameren Missouri variances from rules 4 CSR-20.094(3)(D), 4 CSR 240-20.094(4), 4 CSR_240-20.094(2)(A) and 4 CSR 240-3.164(4), 4 CSR 240-3.150(2), 4 CSR 240-3.150(2)(A) and 4 CSR 240-14.030

Variances Regarding the Commission’s Annual Energy and Demand Savings Goals—No. The Company did not request these variances within its direct filing, and only in a footnote in the Company’s surrebuttal testimony of Mr. Daniel Laurent is the request made, if the Commission finds a variance necessary. Staff does not support approval of these variances, because the Company has provided no showing of good cause to treat the Commission “soft goals” for 2012 as the “soft goals” for 2013 and to correspondingly push back the “soft goals” for subsequent years.

Staff Witness

John Rogers

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

Yes. Rule 4 CSR 240-3.164(A) establishes requirements for the current market potential study the utility must file or refer to when it files for approval of demand-side programs or demand-side programs plans; however, it does not provide that if the Commission finds the study deficient the utility is obligated to complete a new market potential study for that filing. However, nothing prevents the Commission from imposing a requirement on Ameren Missouri to comply with the requirements of rule 4 CSR 240-3.164 to as part of a modification to Ameren Missouri’s filing the Commission would make that might be acceptable to Ameren Missouri or when Ameren Missouri files for approval of its next demand-side programs or demand-side programs plans and clarify that such a filing must include the realistic achievable potential (“RAP”) programs portfolio from that study to fulfill the requirement of its application being consistent with a goal of achieving all cost-effective demand-side savings as stated both in rule 4 CSR 240-20.094((3)(A)1 and the Missouri Energy Efficiency Investment Act.

Staff Witness

John Rogers

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?

Yes. The Commission has authority to clarify that future MEEIA filings must include the realistic achievable potential (“RAP”) programs portfolio from that study to fulfill the requirement of its application being consistent with a goal of achieving all cost-effective demand-side savings as stated both in rule 4 CSR 240-20.094((3)(A)1 and the Missouri Energy Efficiency Investment Act.

Staff Witness

John Rogers

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)?

No. Ameren Missouri's proposed demand-side investment mechanism includes Ameren Missouri being allowed to base the utility incentive component of its demand-side investment mechanism on "deemed" savings rather than on the retrospective evaluation, measurement and verification of the actual performance of its demand-side programs. The requirement of retrospective evaluation, measurement and verification of the actual performance of its demand-side programs was an issue during the rulemaking for rules 4 CSR 240-3.163, 4 CSR 240-3.164, 4 CSR 240-20.093 and 4 CSR 240-20.094. Again, Ameren Missouri is raising the same arguments about retrospective recovery that it, jointly with MEDA, raised to the Commission in the rulemaking, but that the Commission clarified in opposition to Ameren Missouri's position. There is no good cause for the Commission to permit prospective recovery of the utility incentive component of its demand-side investment mechanism based on "deemed" savings.

Staff Witness

John Rogers

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?

Neither. Staff supports Ameren Missouri being allowed to book a regulatory asset equal to 15.4% of expected net shared benefits, to be collected later in permanent rates, subject to a true-up based on actual net shared benefits determined through retrospective evaluation, measurement and verification of actual net shared benefits. Staff is willing to consider certain modifications to this position if necessary to provide sufficient protection to Ameren Missouri's earnings levels from DSM program impacts, allow Ameren Missouri to maintain adequate cash flows, and be consistent with the applicable financial accounting standards. These possible modifications include use of a rate rider mechanism to collect net shared benefits that allows for full recovery in rates of the trued-up net shared benefits within 24 months of the annual period the net shared benefits are applicable to, and use of deemed savings for purposes of calculating net shared benefits.

Staff Witness

Mark Oligschlaeger

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.

Staff Witness

John Rogers

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

Yes, if the percent of MWh target used is based on cumulative energy savings measured through retrospective evaluation, measurement and verification relative to a Commission-approved cumulative energy savings target contained in Schedule JAR-6 filed with the rebuttal testimony of Staff witness John A. Rogers.

Staff Witness

John Rogers

- 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?**

No. Staff agrees with OPC witness Ryan Kind's recommendation that the Company should not use estimates of program performance in the TRM as a replacement for determining program performance through a NTG ratio calculated by EM&V.

Additionally, Staff agrees with DNR witness Robert Fratto that, while a TRM is useful, the only way to determine net savings from DSM programs is to actually measure the savings retrospectively through a third-party EM&V evaluator.

Staff Witness

Michael Stahlman

- 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?

Neither. The true-up of benefits should be based on program specific evaluation, measurement and verification.

Staff Witness

John Rogers

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

The TRM should be updated periodically as better information is gained through the EM&V process.

- iv. What annual energy and demand savings targets should the Commission approve for the DSM programs? 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)? 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? If not, what NTG ratios should be used? If so, should those ratios be held constant for the three years of the program?**

The Commission should approve the energy and demand savings targets shown on Schedule JAR-6 of the rebuttal testimony of Staff witness John A. Rogers, which targets are consistent with Staff's recommendation that the demand-side program plan for Ameren Missouri's proposed DSM programs include estimates of annual energy and demand savings through the use of NTG ratios from EM&V reports.

Staff Witness

John Rogers

- 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?**

No, DSIM recovery in the Commission's rules does not contemplate an increase in the residential customer charge. The Commission should not order an increase in the Company's residential customer charge at this time. Within this case, Ameren Missouri proposes recovery of its DSM program costs through a line item charge on a customer's bill, that is separate and apart from the residential customer charge. The issue of whether to increase the customer charge should be addressed in Ameren Missouri's current rate case, Case No. ER-2012-0166, where all parties, including the interveners, will have an opportunity to address the issue.

Staff Witness

Michael Scheperle

- F. Should the Commission order interest/carrying cost to be paid on over-under-recoveries? If so, should Ameren Missouri's AFUDC rate or its short term interest rate apply?**

Yes, the Commission should order interest/carrying costs to be paid on over or under recoveries of DSM program costs collected from customers in rates. The under or over recoveries of DSM costs collected from customers in rates should be measured monthly and treated in the same manner as under or over recoveries in the Company's fuel adjustment clause.

Staff Witness

Mark Oligschlaeger

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

Variances Regarding Retrospective Recovery—No. Such variances are not necessary under the Staff's recommendation. Staff recommends that the Commission reject Ameren Missouri's proposed 15.4% of shared net benefits incentive component of its DSIM and approve a mechanism to allow the Company to book a regulatory asset equal to 15.4% of its shared net benefits, with the amount of the regulatory asset to be collected in rates subject to true-up based on actual net shared benefits determined through an EM&V process.

Variances Regarding Calculation of Utility Incentive— No. The level of achievement relative to approved cumulative energy savings target approved by the Commission should be based upon energy savings determined through the EM&V process on a retrospective basis.

Variances Regarding Rate and Revenue Requirement Definitions—No. Granting variances from Rules 4 CSR 240-20.093(1)(O), 4 CSR 240-3.163(1)(H), 4 CSR 240-20.093(1)(P) and 4 CSR 240-3.163(1)(I) would provide no effective relief, since these rules simply implement the statutory requirement of MEEIA Section 393.1075 (13) RSMo (Supp. 2011), which states "Charges attributable to demand-side programs under this section shall be clearly shown as a separate line item on bills to the electric corporation's customers."

Variances Regarding Net Shared Benefits— Yes, Staff agrees with Ameren Missouri that good cause exists for the Commission's approval of the variances requested from the following rules to the extent the proposed DSIM does not reflect a sharing of "annual" net shared benefits: 4 CSR 240-3.163(1)(A), 4 CSR 240-20.093(1)(A), 4 CSR 240-20.094(1)(C), 4 CSR 240-20.093(1)(Q), 4 CSR 240-20.093(2)(M), 4 CSR 240-3.163(1)(J), 4 CSR 240-20.093(2)(H), 4 CSR 240-20.093(1)(EE), and 4 CSR 240-20.094(1)(Z).

Staff Witness

John Rogers

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

No. Program cost recovery, performance mechanism recovery and historical cost recovery should be collected by each rate class without a separate DSIM rate for a summer and winter component, as most DSM programs are not seasonally incurred. Ameren Missouri, Staff and MIEC have reached agreement on this issue and are preparing a Stipulation and Agreement to file with the Commission.

Staff Witness

Michael Scheperle

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? If so, what should such a tariff sheets contain? 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?

Yes, if the Commission approves Ameren Missouri's DSM programs, then pursuant to 4 CSR 240-20.093(2)(C) the Commission shall also approve DSIM tariff sheets.

The specifics of the DSIM have not been determined; therefore, Staff is unable to make a recommendation regarding the information that should be contained in the DSIM tariff sheets. That information will be dependent on the Commission's order and the outcome of the case.

Staff Witness

Michelle Bocklage

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?

The language included in the tariffs will be dependent upon the DSM programs and DSIM recovery mechanism approved by the Commission. Based on the Commission's order in the case, the Staff will propose language for inclusion in the Company's compliance tariff filings.

Staff Witness

John Rogers

- 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?**

Yes, a separate line item should appear on bills relating to charges for the DSM programs approved under MEEIA. Under Section 393.1075.13 RSMo, utilities must include a separate line item on customer bills for the charges attributable to demand-side programs approved under MEEIA. Ameren Missouri’s existing approved tariffs already feature a separate line item wording of “Energy Efficiency Investment Charge” that includes energy efficiency program costs prior to Ameren Missouri’s MEEIA filing on January 20, 2012. If the Company used the phrase “Energy Efficiency Investment charge, the line item would now include the charges attributable to demand-side programs approved under MEEIA as well as historical DSM program costs. Staff recommends that in order to comply with the statute, Ameren Missouri should have a line item on customer bills that would include the charges attributable to demand-side programs approved under the MEEIA statutes in isolation. To differentiate costs to the customer, the Commission should order the Company to use the phrase “Demand-Side Inv Recovery” as suggested by Staff.

Staff Witness

Michael Scheperle

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

Yes. Ameren Missouri’s existing approved tariffs already feature a separate line item wording of “Energy Efficiency Investment Charge” that includes energy efficiency program costs prior to Ameren Missouri’s MEEIA filing on January 20, 2012. To differentiate costs to the customer of DSM programs under MEEIA and historical DSM costs, the Commission should order the Company to use the phrase “Demand-Side Inv Recovery” as suggested by Staff, for DSM program costs under MEEIA.

Staff Witness

Michael Scheperle

- 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?**

The Staff is not proposing any specific adjustment for purposes of the Commission’s allowed ROE in this case. However, the Staff’s analysis in this case suggests the proposed DSIM will

result in lower business risk. The Commission should consider these issues in determining the allowed ROE in the upcoming rate case.

Staff Witness

Zephania Marevangepo

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

No. Prior to the approval of demand side programs and program plans, the Commission must find the demand side programs and plans have reliable evaluation, measurement, and verification plans under 4 CSR 240-20.094 (3)(A)3. Staff recommends that the Commission find the level of Ameren Missouri's proposed EM&V budget is inadequate and not supported by best evaluation practices in the electric industry. The Commission should conditionally approve Ameren Missouri's demand side programs and plan subject to the Company to submitting a revised and enhanced EM&V plan with an average annual spending level not to exceed five percent (5%) of its total demand-side program plan budget pursuant to 4 CSR 240-20.093(7)(A).

Staff Witness

Hojong Kang

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

It should be allocated to the residential rate class, but Ameren Missouri, Staff and MIEC have reached agreement on this issue and are preparing a Stipulation and Agreement to file with the Commission.

Staff Witness

Michael Scheperle

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?

See the Staff's response to 2G. above.

The Commission should not grant the variances Ameren Missouri has requested, except to the extent they would be necessary for any DSIM the Commission approves for Ameren Missouri in this case. If there are variances required for a DSIM the Commission approves for Ameren Missouri, but that Ameren Missouri has not requested, then, if Ameren Missouri requests those variances, the Commission should grant them.

Staff Witness

John Rogers

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

No. Staff proposes that business class program expenditures be classified as administrative and general ("A&G") expenses with business program cost allocated to each business customer class by the kWh used by the customer class less the usage of those customers who have opted-out from participating in demand-side programs under Section 393.1075.5. Staff supports the proposed allocation of program costs as proposed by Ameren Missouri.

The business energy reductions (savings) rate class allocation is based on the cumulative MWh reductions projected for the three-year plan with a direct allocation to each rate schedule based on MWh savings. Staff supports the proposed allocation of performance mechanism as proposed by Ameren Missouri.

Ameren Missouri, Staff and MIEC have reached agreement on this issue and are preparing a Stipulation and Agreement to file with the Commission.

Staff Witness

Michael Scheperle

- 9. Should the program expenditures and performance payments arising from the Company's business DSM programs be trued-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?**

Yes. The program expenditures and performance payments arising from the Company's business DSM programs should be trued-up and allocated to customer classes as described in answer to 8 above. The actual savings will not be known until the evaluation, measurement, and valuation ("EM&V") process is complete with actual savings applied to the specific rate class associated with each customer's savings.

Ameren Missouri, Staff and MIEC have reached agreement on this issue and are preparing a Stipulation and Agreement to file with the Commission.

Staff Witness

Michael Scheperle

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

The Staff is currently evaluating the Stipulation and has until May 21, 2012 to file a responsive pleading.

Staff Witness

John Rogers

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

Regarding whether the Commission should order the establishment of a collaborative, the MEEIA rules require only that a state-wide collaborative be formed and encourages collaborative meetings at least once each calendar year following notification provided by Staff. Since the May 30, 2011 effective date of the MEEIA rules, the focus of Missouri's electric utilities has been on preparing and making their first MEEIA filings and not on the state-wide collaborative. There simply was not time to do both. Staff plans to provide notice of the next state-wide collaborative meeting following the conclusion of the three current MEEIA cases.

The Staff does not take a position on the rest of the issue at this time.

Staff Witness

John Rogers

Respectfully submitted,

/s/ Jennifer Hernandez

Jennifer Hernandez

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been electronically mailed to all counsel of record this 18th day of May 2012.

/s/ Jennifer Hernandez