

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

In the Matter of the First Prudence Review)	
of Union Electric Company d/b/a Ameren)	
Missouri's Implementation of Energy)	Case No. EO-2015-0029
Efficiency Programs in Furtherance of the)	
Missouri Energy Efficiency Investment)	
Act (MEEIA).)	

**PUBLIC COUNSEL'S RESPONSE TO THE STAFF'S REPORT
AND SUGGESTIONS IN SUPPORT OF REQUEST FOR HEARING**

COMES NOW the Missouri Office of the Public Counsel ("OPC" or "Public Counsel") and for its Response to the Report of the Commission's Staff in the above-captioned matter, and in support of its Request for Hearing, states:

1. On July 30, 2014, the Commission issued its Order Directing Notice, Establishing an Intervention Deadline, and Setting a Deadline for Requesting a Hearing ("Order").¹ The Order set a deadline of January 5, 2015 for requesting a hearing.
2. On December 23, 2014, the Commission's Staff ("Staff") filed Staff's Report of First MEEIA Prudence Audit ("Report").² Staff's report indicated that it found no incidents of imprudence.³
3. OPC filed a request for an extension of time to respond to Staff's report and requested that the Commission hold an evidentiary hearing.⁴
4. After reviewing the Report, Public Counsel objects to the finding of no imprudence in Staff's Report. Public Counsel asserts that the Company overstates its

¹ Doc. No. 2.

² Doc. No. 15.

³ *Id.*

⁴ Doc. No. 16.

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throughput disincentive-net shared benefits amount. Accordingly, OPC requests that the Commission hold an evidentiary hearing to resolve this issue.

5. In its Report, the Staff reviewed a variety of items related to Ameren Missouri's 2013-2015 Energy Efficiency Plan. One area the Staff examined was the amount of the Company's throughput disincentive-net shared benefits ("TD-NSB") amount. The TD-NSB equals the present value of the lifetime avoided costs (i.e., avoided energy, capacity, transmission and distribution, and probable environmental compliance costs) for the approved MEEIA programs using values deemed in the technical resource manual ("TRM"), less the present value of all utility costs of administering the programs. Based on the information in Staff's Report, the information provided to Staff by the Company, Ameren Missouri's 2013 Annual Demand-Side Report in File No. EO-2014-0241, and information provided to stakeholders in File No. EO-2012-0142, OPC asserts Ameren Missouri's TD-NSB share amount is overstated.

6. As background, the cumulative net lifetime benefits component of the TD-NSB amount should use the deemed gross savings agreed to in the *Unanimous Stipulation and Agreement Resolving Ameren Missouri's MEEIA Filing* ("2012 Stipulation and Agreement"),⁵ and which are reflected in Ameren Missouri's Technical Resource Manual ("TRM"). The parties further agreed in 2012 that the TD-NSB amount would be based on the results from the DSMore model.⁶ In addition, the Staff indicated that in order to "complete its review of Company TD-NSB Share, Staff must also review and verify the deemed annual energy (kWh) savings and deemed annual demand (kW)

⁵ *Unanimous Stipulation and Agreement Resolving Ameren Missouri's MEEIA Filing*, File No. EO-2012-0142.

⁶ *Id.*

savings, avoided costs resulting from deemed annual energy and demand savings, and the monthly calculations of annual net shared benefits.”⁷

7. Within the EM&V process, the evaluators make “modified” savings estimates including ex post gross savings and ex post net savings to determine the utility performance incentive. The gross savings estimate is represented to be a ratio of 1.0 and the net savings estimate is either a ratio of greater than 1.0 or less than 1.0 depending on the evaluation of the savings that were determined to have occurred. For 2013, the EM&V gross savings for purposes of the performance incentive were reported as being larger than the gross savings estimates for purposes of the throughput disincentive calculation. This inconsistency reveals the inaccuracy of the TB-NSB share put forth by Ameren and creates serious doubt whether the amount charged to customers to compensate the company is prudently calculated and incurred.

8. Further, within the DSMore model utilized to calculate the TD-NSB, the net benefit for 2013 is **⁸ For the same time period the baseline energy savings are ** MWh, as indicated in Ameren Missouri’s 2013 Annual Demand-Side Report in File No. EO-2014-0241. For reference, the final EM&V reports of Ameren Missouri’s evaluators show the 2013 ex ante gross energy savings to be ** MWh. In those reports, the ex post net benefit amount, at an energy savings ratio of 1.14, is **⁹ Curiously, the DSMore model shows a *higher* net benefits amount at 1.0 of energy savings than the EM&V shows for the net benefits amount at an energy savings ratio of 1.14. With a higher energy savings ratio, net benefits

⁷ Doc. No. 15, Staff Report, p. 2.

⁸ Ameren Missouri Response to Staff Data Request 11.1.

⁹ Revised Evaluation, Measurement and Verification (EM&V) Reports, filed June 12, 2014, EFIS File No. EO-2012-0142, Doc. No. 161.

should be higher. Yet here, the available information shows the opposite. The inconsistencies when comparing the DSMore model baseline with the baseline for EM&V, impairs the validity of Ameren's TD-NSB amount and again creates serious doubt whether the amount charged to customers to compensate the company is prudently calculated and incurred.

9. Public Counsel brings these issues to the Commission's attention to protect customers from improperly calculated and unreasonable rate increases. Overstating the net benefits amount leads to an increase in the amount the Company bills and collects from customers. Public Counsel asks the Commission to direct the parties to agree upon and file a proposed procedural schedule that includes an evidentiary hearing.

WHEREFORE, the Office of the Public Counsel respectfully submits the foregoing response to Staff's Report, objects to its finding of prudence, and requests an evidentiary hearing.

Respectfully,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 12th day of January 2015:

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