BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's 2nd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA.	))))	**Case No. EO-2015-0055**

NON-UNANIMOUS STIPULATION AND AGREEMENT REGARDING AMEREN MISSOURI'S MEEIA CYCLE 2

COME NOW the Staff of the Missouri Public Service Commission ("Staff"),the Office of the Public Counsel ("OPC"), the Midwest Energy Consumers' Group ("MECG"), the Missouri Industrial Energy Consumers ("MIEC"), and Earth Island Institute d/b/a Renew Missouri ("Renew Missouri") (collectively the "Signatories"), and submit to the Missouri Public Service Commission ("Commission") for its approval the following Non-Unanimous Stipulation and Agreement ("Non-Utility Stipulation") resolving certain issues in Ameren Missouri's filing under the Missouri Energy Efficiency Investment Act ("MEEIA") for program years 2016 – 2018 (hereafter referred to as Ameren Missouri's MEEIA "Cycle 2" or "Plan"). Sierra Club has authorized the signatories to represent that it supports this stipulation in principle and is seeking formal internal approval to join as a signatory. In support thereof, the Signatories respectfully state as follows:

Background

1. Pursuant to the Commission's April 8, 2015, *Order Granting Revised Motion To Modify Procedural Schedule* the parties filed their statements of position on May 11, 2015. On May 21, 2015, an *Unopposed Motion To Reschedule Evidentiary Hearings* was filed to reset the hearing dates to July 20-22, 2015, to allow the parties

sufficient time to continue settlement discussions. To this end the parties have been working collaboratively to resolve the issues of this case, some of which are complex and technical. Despite the best efforts of many, certain core issues could not be resolved and must be put before the Commission for resolution.

On June 30, 2015, Ameren Missouri filed a Non-Unanimous Stipulation and Agreement ("Utility Stipulation") to resolve issues with some parties to this case.[1] On July 2, 2015, the Staff filed its objection to the Utility Stipulation pursuant to Commission Rule 4 CSR 240-2.115, rendering the Utility Stipulation nothing more than a joint position of the signatory parties to that stipulation.

Rather than reject Cycle 2 outright, the Signatories to the Non-Utility Stipulation agree that the Commission should approve a Cycle 2 Plan, as modified by the terms of this Stipulation. Specifically, the Commission should authorize the Net Throughput Disincentive ("NTD") and the Performance Incentive ("PI") mechanisms that form the alternative DSIM as described below in order to remove disincentives to Ameren Missouri's promotion of DSM programs and to properly incent Ameren Missouri in the promotion of DSM programs, respectively.[2] The Signatories further agree that the Commission should order Ameren Missouri to file tariffs to authorize a set of programs under Cycle 2 and to meaningfully participate in a process to expand the portfolio of DSM programs offered under Cycle 2, to perform the analyses required to determine the appropriateness of identified programs, and to file to expand its portfolio based on

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[1] Signatories to the Utility Stipulation are Ameren Missouri, Missouri Department of Economic Development – Division of Energy, Natural Resources Defense Council, Kansas City Power & Light, KCP&L Greater Missouri Operations, and United for Missouri.

[2] To date, Ameren Missouri has presented its direct-filed mechanism and as has presented that mechanism as modified by the Utility Stipulation filed June 30.

that analyses, including hiring a third-party mediator to convene an expert panel to identify additional cost-effective savings strategies and additional cost-effective programs.

The Signatories agree that for purposes of this Non-Utility Stipulation the portfolio described below, subject to the supplementation as described below, in conjunction with the PI and NTD described below, demonstrates progress toward achieving all cost effective demand side savings for this MEEIA Cycle 2.

MEEIA Cycle 2 Portfolio

2. The Signatories request that the Commission order Ameren Missouri to make certain filings as described below:
    a. As soon as reasonably possible after issuance of a Commission order adopting the terms in the Non-Utility Stipulation, Ameren Missouri shall file tariff sheets to authorize programs as described in Appendix A to this Non-Utility Stipulation.[3]
    b. As soon as reasonably possible after issuance of the Commission order adopting the terms of the Non-Utility Stipulation, Ameren Missouri shall file tariff sheets to authorize Multi-Family Low-Income ("MFLI") programs as described in Paragraph 4, below. The overall budget for MFLI programs will be increased by 58% reaching a total overall budget for MFLI energy efficiency programs of $10.75 million. The entire Low-Income budget of $10.75 million will be utilized to deliver energy efficiency services to Ameren Missouri customers who are owners and operators of MFLI properties, while benefiting the low-income qualified tenants of those buildings. These programs will focus on in-unit, whole-building, and common area improvements.
    c. As soon as reasonably possible after issuance of the Commission order adopting the terms of the Non-Utility Stipulation, Ameren Missouri shall file tariff sheets to authorize a Small Business Direct program. The overall budget for the Small Business Direct program will be $9.9 million. The program will target small business

[3] In view of the competing Utility Stipulation filed on June 30, 2015, the Signatories to the Non-Utility Stipulation anticipate that Ameren Missouri or one of its signatories will file an objection to the Non-Utility Stipulation rendering the terms contained herein to be a joint position under Commission Rule 4 CSR 240-2.115.

customers that are difficult to reach through traditional energy efficiency programs.

d. By October 31, 2015, Ameren Missouri shall issue a request for proposal (RFP) for a third-party mediator who shall select a panel of experts to recommend possible increases in the projected kWh savings of the total portfolio for 2017 and 2018, with particular focus on program participation rates. The Commission's Staff shall provide input to Ameren Missouri in the formation of the RFP and the selection of the third-party mediator.

    i. The expert panel convened by the mediator will rely on primary data from Ameren Missouri's market potential study (excluding adjustments to participation rates and customer acquisition costs as a result of secondary data) as the basis for their estimate. The expert panel will also consider historical activity to date, industry trends and best practices from similar or comparable jurisdictions.

    ii. The third-party mediator shall rely on these results as the basis for recommending kWh savings of the total portfolio for program years 2017 and 2018, and shall issue a report on these findings to the Commission by April 15, 2016.

    iii. Parties shall have the opportunity to file comments responding to this report prior to any Commission order adjusting projected kWh savings.

    iv. The Commission may issue an order adjusting the projected kWh savings of the total portfolio for years 2017 and 2018, If such an order is issued, the Commission may approve an additional performance incentive related to energy savings.

    v. Activity for the study will be funded through the EM&V budget.

3. The Signatories further agree that the Commission should order Ameren Missouri to work cooperatively with interested Signatories to identify additional cost-effective energy savings strategies as discussed in 3a and b below and require Ameren Missouri to analyze identified programs through DSMore. Programs shown to be cost effective through this analysis that are also beneficial to customers will be considered for implementation on or before January 1, 2017.

    a. The Signatories agree to work collaboratively to recommend to Ameren Missouri identification of strategies to maximize savings in a cost effective manner which is beneficial to customers. Strategies to be assessed may include, but are not limited to: expanding upstream programs to include additional lighting, HVAC and consumer electronics; including residential behavioral initiatives to inform consumers of their energy usage and to market other residential programs; using whole building benchmarking as a tool to prioritize existing buildings over 50,000 square feet for delivery of energy efficiency services; working with large employers in the service territory to market energy efficiency services to their employees; assistance with whole building deep energy savings for new construction and existing buildings; supporting adoption and training efforts to advance energy codes in local political subdivisions; whole home approaches for new and existing homes, home-audit with direct install, co-delivery with gas utilities; low-income approaches not addressed in the multi-family program; and assistance with financing of energy efficiency services for multi-family buildings at the time of re-financing.

b. The Signatories agree to have these discussions between January and April of 2016. The Signatories agree that the identification of additional cost-effective savings strategies will not result in a change in the 121,100 coincident summer peak kW savings target contained in Appendix A.

4. Multi-Family Low-Income Building Programs
    a. The Company will provide owners of multi-family buildings with a single point of contact ("Coordinator") for in-unit and common area/building system measures (regardless of whether the impact is to a residential or commercial customer). The Coordinator's duties will include:
        i. Determining eligibility and ensuring eligible customers are aware of the available incentives from all utilities.
        ii. Assisting in the application process for Ameren Missouri residential and business improvements. In addition, where other utilities are participating, assisting with those applications.
        iii. Providing a seamless point of contact for navigating the various incentive offers provided by the Company and other utilities.
        iv. Maintaining a relationship with the existing business trade ally network and providing information and guidance to assist them with the bid process for installation work.
        v. Understanding and maintaining a network of assistance agencies and making referrals for financing and repairs, seeking to remove barriers to participation.

vi. Providing case studies and education, and working with business development teams to ensure proper outreach is occurring.

vii. Coordinating marketing materials to provide an easy to understand process for participation.

viii. Maintaining working relationships with and providing outreach and education to stakeholders such as lenders, Missouri agencies, and other identified parties.

b. For the purposes of this program, a building's eligibility will be determined by the income qualification of the tenant occupants, who must meet one of the following requirements for eligibility:

   i. Reside in federally-subsidized housing units and fall within that program's income guidelines. State Low-Income Housing Tax Credit (state LIHTC) buildings will be eligible only to the extent allowed under state law.

   ii. Reside in non-subsidized housing with an income at 200% of poverty level or below. Where a property has a combination of qualifying tenants and non-qualifying tenants, at least 51% of the tenants must be eligible to receive incentives for the entire building to qualify. For MFLI properties with less than 51% qualifying tenants, the owner/manager will be required to verify installation of comparable qualified energy efficiency measures at their own expense in all non-qualifying units, then the program may upgrade the whole building, common areas and all of the remaining eligible units with qualified energy efficiency measures.

c. Multifamily buildings with service under the Company's Service Classification 1(M) will be eligible to participate in this program. In addition, customers taking service under the Company's Small General Service Rate 2(M), Large General Service Rate 3(M), and Small Primary Service Rate 4(M) who supply energy to common areas or whole-building systems in MFLI buildings with three (3) or more units are also eligible to participate in this program.

d. The Program will provide a 25% bonus incentive to MFLI property owners for MFLI whole building and common area measures, as well as for in-unit measures not otherwise covered as direct-install measures. The following measures are indicative of what will be available for the whole building and common areas: lighting; heating, ventilation and air conditioning ("HVAC"); domestic hot water; motors;

envelope improvements; controls and EMS; and pump/fan/piping/duct improvements.

e. Level 1 energy audits with information on savings, estimated cost, and typical payback range will be performed to develop a list of recommended measures that would provide savings for the building and to provide information on available prescriptive and performance-based (e.g. business custom) incentives.

5. Ameren Missouri shall receive Program Cost Recovery roughly contemporaneous with incurrence of costs, similar to the Net Program Cost component in the Rider EEIC for MEEIA Cycle 1.

6. The Signatories agree to the inclusion of a Throughput Disincentive Mechanism to make the utility indifferent as to any reduction in sales of energy because of programs' measures installed under MEEIA. The Signatories agree to necessary waivers to effectuate this section.
   a. Establish values for projected kWh savings associated with each measure by month and by class, on a per measure basis.
   b. Establish values for unbilled revenue per kWh rate by month and by class by subtracting the avoided marginal energy rate from the marginal revenue rate for each month and each rate class.
      i. Because this mechanism does not rely on present-valuing of the Throughput Disincentive Net-Shared Benefit as requested by Ameren Missouri, there is minimal ratepayer detriment from using the seasonal FAC base for this valuation. Given the complexity of resolving the FAC timing issue, and given the minimization of harm achieved by only booking these values as incurred, the signatories agree to use the seasonal FAC base for this Cycle 2.
      ii. The product of the accumulated projected measure savings and the applicable unbilled per kWh rate accounts for a month's "unrealized revenue" value.
   c. Each month Ameren Missouri will bill 66.67% of the unrealized revenue value.[4]
      i. When tariff sheets implementing a new rate case take effect, the accumulated projected measure savings will reset to 0.
      ii. When tariff sheets implementing a new rate case take effect, unbilled per kWh rate will be rebased.

[4] While the Signatories do not concede that there are any complications under GAAP to Ameren Missouri booking a level of throughput disincentive that is later reduced through a "true-up" process, the Signatories have provided this 66.67% floor as a concession to Ameren Missouri's concerns about complications under GAAP. The signatories alternatively propose that Ameren Missouri initially recover 100% the unrealized revenue value, subject to later bilateral true-up, with a floor of 66.67%, and a cap of 133.33%.

d. Upon conclusion of each program year, “realized KWh savings” will be determined as the composite result of:
    i. The actual gross energy savings of each measure pursuant to Evaluation, Measurement, and Verification (“EM&V”).
    ii. The attribution of each measure’s installation to MEEIA instead of to some other cause as Net Savings in ratio to Gross Savings (“NTG”).
e. Following the determination of realized kWh savings, Ameren Missouri will potentially recover additional revenues associated with kWh savings for that program year:
    i. If the determination of realized kWh savings indicates that the measures performed at a level of efficacy greater than 66.67% of the initially projected kWh savings associated with that measure, further revenues will be provided to match the level of realized kWh savings found, up to 133.33% of the projected kWh savings.
        1. If it is determined that additional revenues are appropriate, the MEEIA rate for each rate class will be adjusted to provide these revenues over the following 12 billing months.
    ii. Recovery will be limited to 133.33% of initially projected savings.
    iii. If a program is found through study to have actually generated kWh savings below 66.67% of the projected kWh savings, no refunding will be required.

7. The Signatories agree that to the extent Ameren Missouri successfully reduces the utility’s future earnings opportunity through this Cycle 2, Ameren Missouri shall have the opportunity for earnings associated with demand savings that have been measured and verified. The PI will consist of two components, the demand-related PI, and the customer-participation PI. An additional opportunity for an energy-related PI may be available if ordered by the Commission pursuant to paragraph 2.d.iv., above.
    a. The demand-related PI will be awarded on the kW savings associated with the installation of measures that impact future capacity requirements.
        i. Upon completion of Cycle 2, the level of realized coincident peak kW savings as of the end of Cycle 2 will be determined. Realized kW savings will be studied to determine the composite result of:
            1. The actual gross demand savings of each measure pursuant to EM&V.
            2. The attribution of each measure installation to MEEIA or to some other cause as a result of NTG.
        ii. If 100%+ of 121,100 coincident summer peak kW savings is realized, Ameren Missouri will receive a demand-related PI equal to coincident peak kW savings multiplied by $37/kW, up to 834,000 kW.

iii. If realized savings exceed 834,000 kW, Ameren Missouri will receive a demand-related PI equal to coincident peak kW savings in excess of 834,000 multiplied by $250/kW, not to exceed an additional 166,000 kW for a total of 1,000,000 kW.

iv. Savings in coincident peak kW associated with MFLI programs will count towards this demand-related PI, but if MFLI programs result in an increase in coincident peak kW, that increase will not reduce the otherwise applicable demand-related PI.

b. The customer-participation PI will be available to incent participation in programs that have broad customer impact. Recognizing that low-income programs do not need to meet a cost-effective threshold and that MFLI housing units are often subject to a split-incentive barrier, the customer-participation PI will be made available to the Company to include 5% of program costs (including any bonus incentive paid as described below) associated with Ameren Missouri's Custom/Standard or residential programs for MFLI units and/or Ameren Missouri's MFLI direct install program.

i. MFLI property owners electing to participate in the program will be given a 25% bonus incentive on measures and installation. In return for this bonus incentive, MFLI property owners must agree that their units can be tracked for at least one year for aggregate energy and demand savings, as well as other applicable non-energy benefits (e.g., customer turnover), to provide a business case analysis for prospective MFLI property owners in future MEEIA cycles. This bonus incentive will apply to MFLI property owners regardless of whether the measure applies to commercial or residential meters

c. The energy-related PI will be available if so ordered by the Commission pursuant to paragraph 2.d.iv., above. Based on any ordered change to program targets, the Commission may approve an additional performance incentive based on the kWh savings at the following amounts: $2 million at 105%, $3 million at 130%, and $5 million at 150%.

General Provisions

8. This Non-Utility Stipulation is being entered into for the purpose of disposing of the issues that are specifically addressed herein. In presenting this Non-Utility Stipulation, none of the Signatories shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking principle or procedural principle, including, without limitation, any method of cost or

revenue determination or cost allocation or revenue related methodology, and none of the Signatories shall be prejudiced or bound in any manner by the terms of this Non-Utility Stipulation (whether it is approved or not) in this or any other proceeding, other than a proceeding limited to enforce the terms of this Stipulation, except as otherwise expressly specified herein.

9. This Non-Utility Stipulation has resulted from extensive negotiations, and the terms hereof are interdependent. If the Commission does not approve this Stipulation, or approves it with modifications or conditions to which a party objects, then this Non-Utility Stipulation shall be void and no signatory shall be bound by any of its provisions.

10. If the Commission does not unconditionally approve this Non-Utility Stipulation without modification, and notwithstanding its provision that it shall become void, neither this Non-Utility Stipulation, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with Section 536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Non-Utility Stipulation had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Non-Utility Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

11. If the Commission unconditionally accepts the specific terms of this Non-Utility Stipulation without modification, the Signatories waive, with respect to the issues resolved herein: their respective rights (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2000; (2) their respective rights to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2000; (3) their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2000 and (4) their respective rights to judicial review pursuant to Section 386.510, RSMo Supp. 2011. These waivers apply only to a Commission order respecting this Non-Utility Stipulation issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this Non-Utility Stipulation.

12. This Non-Utility Stipulation contains the entire agreement of the signatories concerning the issues addressed herein.

13. This Non-Utility Stipulation does not constitute a contract with the Commission. Acceptance of this Non-Utility Stipulation by the Commission

shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has. Thus, nothing in this Non-Utility Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

WHEREFORE, the undersigned Signatories respectfully request the Commission issue its order approving this Non-Utility Stipulation subject to the specific terms and conditions contained herein.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been electronically mailed this 7th day of July, 2015 to all counsel of record in this proceeding.

/s/ Tim Opitz

Appendix A

Source	Programs	Net Incremental Energy Savings Targets (GWh)				Net Incremental Demand Savings Targets (GW)				Annual Budget ($ Millions)			
		2016	2017	2018	Total	2016	2017	2018	Total	2016	2017	2018	Total
1	**Lighting**	20.2	18.3	22.9	61.4	0.0	0.0	0.0	0.0	$ 4.8	$ 4.7	$ 5.7	$ 15.2
1	**Efficient Products**	5.7	1.9	6.7	14.3	2.1	0.7	2.2	5.0	$ 1.9	$ 1.1	$ 2.0	$ 5.0
1	**HVAC**	19.9	13.9	17.2	51.0	8.9	6.2	7.7	22.8	$ 7.3	$ 6.2	$ 6.9	$ 20.4
1	**Appliance Recycling**	3.0	2.7	4.1	9.8	0.7	0.7	1.0	2.4	$ 0.8	$ 0.7	$ 1.0	$ 2.5
2	**Multi-Family Low-Income**	5.0	4.7	4.0	13.7	1.6	1.5	1.2	4.3	$ 3.8	$ 3.6	$ 3.4	$ 10.8
1	**EE Kits**	6.2	6.2	6.2	18.6	1.0	1.0	1.0	3.0	$ 1.8	$ 1.8	$ 1.8	$ 5.4
	Total Residential	**60.0**	**47.7**	**61.1**	**168.8**	**14.3**	**10.1**	**13.1**	**37.5**	**$ 20.4**	**$ 18.1**	**$ 20.8**	**$ 59.3**
1	**Standard**	22.3	25.3	26.8	74.4	4.0	4.5	4.8	13.3	$ 6.7	$ 7.6	$ 8.0	$ 22.3
1	**Custom**	45.9	52.1	55.1	153.1	16.7	18.9	20.1	55.7	$ 13.4	$ 15.1	$ 16.0	$ 44.5
1	**Recommissioning**	5.7	6.4	6.8	18.9	1.8	2.1	2.2	6.1	$ 2.2	$ 2.5	$ 2.6	$ 7.3
1	**New Construction**	4.3	4.8	5.1	14.2	1.0	1.2	1.2	3.4	$ 1.5	$ 1.7	$ 1.8	$ 5.0
3	**Small Bus. Direct**	6.0	11.4	12.6	30.0	1.0	2.0	2.2	5.1	$ 2.0	$ 3.8	$ 4.2	$ 9.9
	Total Business	**84.2**	**100.0**	**106.4**	**290.6**	**24.5**	**28.7**	**30.5**	**83.6**	**$ 25.8**	**$ 30.7**	**$ 32.6**	**$ 89.0**
	Total Portfolio	**144.2**	**147.7**	**167.5**	**459.4**	**38.8**	**38.7**	**43.6**	**121.1**	**$ 46.2**	**$ 48.8**	**$ 53.3**	**$ 148.3**

Source 1: Table 2.3 of December 22, 2014 Plan Filing

Source 2: Ameren-BATCH_TOOLS_01_Att_Aggregate_07LI MEEIA_Negotiation_2015-06-19

Source 2: Ameren-BATCH_TOOLS_01_Att_Aggregate_14SBDI MEEIA_Negotiation_2015-05-21