STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at its office in Jefferson City on the 10th day of February, 2016.

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	))))	**File No. EO-2015-0055**

ORDER APPROVING NON-UNANIMOUS STIPULATION AND AGREEMENT

Issue Date: February 10, 2016 Effective Date: March 1, 2016

Background

On December 22, 2014, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") applied to the Commission for approval of certain demand-side programs, a Technical Resource Manual ("TRM"), and a Demand-Side Investment Mechanism ("DSIM") as contemplated by the Missouri Energy Efficiency Investment Act ("MEEIA") and the Commission's implementing regulations. This MEEIA Plan is otherwise known as the "Cycle 2" Plan; Ameren Missouri had instituted a MEEIA Plan in 2012, known as its Cycle 1 Plan.

The Commission provided notice, and allowed The Missouri Division of Energy ("DE"); Midwest Energy Consumers Group ("MECG") ; Brightergy, LLC ("Brightergy"); Missouri Industrial Energy Consumers ("MIEC"); Earth Island Institute d/b/a Renew Missouri; United for Missouri ("UFM"); Natural Resources Defense Council ("NRDC") ; Sierra Club; Kansas City Power & Light Company ("KCP&L"); KCP&L Greater Missouri

Operations Company ("GMO"); National Housing Trust ("NHT"); and Tower Grove Neighborhood Community Development Corporation ("Tower Grove") to intervene.

The Commission held an evidentiary hearing on July 20-22, 2015. The Commission issued a Report and Order on October 22, 2015. That Report and Order rejected Ameren Missouri's MEEIA Cycle 2 Plan as modified by a June 30, 2015 Non-Unanimous Stipulation and Agreement ("First Utility Stipulation") filed by Ameren Missouri, KCP&L, GMO, DE, NRDC, and UFM.

The Commission rejected the Cycle 2 Plan as modified by the First Utility Stipulation because: (1) the Cycle 2 Plan did not have retrospective evaluation, measurement, and verification ("EM&V") to true-up the energy and demand savings that actually occurred; (2) the Cycle 2 Plan contained a Performance Incentive ("PI") that could reward shareholders for a foregone supply-side earnings opportunity that the shareholders did not actually forego; and (3) the Cycle 2 Plan did not benefit non-participating ratepayers.

Stipulation

On February 5, 2016, Ameren Missouri, the Missouri Public Service Commission Staff ("Staff"), Office of the Public Counsel ("OPC"), NHT, NRDC, Renew Missouri, Tower Grove, and DE submitted a Non-Unanimous Stipulation and Agreement ("Second Utility Stipulation"). MIEC, MECG, Brightergy, Sierra Club, and UFM did not sign the Second Utility Stipulation, but have indicated that they do not oppose it.

KCP&L and GMO responded on February 8, 2016. KCP&L and GMO note that the Second Utility Stipulation differs from the stipulation KCP&L and GMO have filed in their pending MEEIA cases.[1] Namely, the Second Utility Stipulation lacks a regulatory flexibility clause that is contained in the KCP&L and GMO MEEIA cases. As such, KCP&L and GMO state that they would not agree to a plan Ameren has agreed to in this case. But, KCP&L and GMO do not oppose the Second Utility Stipulation.

Ameren Missouri filed enabling tariffs that would go into effect on March 6, 2016. But, to pursue and exploit the full potential of MEEIA Cycle 2 programs designed to reduce energy consumption and demand from HVAC systems, Ameren Missouri must implement those programs as far in advance of the 2016 air conditioning season as possible. Ameren Missouri believes unless the Commission approves the Stipulation before March 1, 2016, Ameren Missouri will not be able to achieve stipulated energy savings goals, because any delay beyond that date will result in lost opportunities to timely promote and incentivize customers to install energy efficient HVAC systems. Thus, Ameren Missouri filed a motion for expedited treatment, asking the Commission to approve the MEEIA Cycle 2 Plan as amended by the Second Utility Stipulation no later than March 1, 2016.

The MEEIA Programs are listed below and basic descriptions are provided in Appendix H of the Second Utility Stipulation. The Business Programs are: Custom, Standard, Retro-commissioning, Small Business Direct Install, and New Construction. The Residential Programs are: Lighting, Home Energy Reports, Multi-Family Low Income ("MFLI"), HVAC, Energy Efficiency Kits, and Efficient Products. Ameren Missouri plans to implement these programs by March 1, 2016. The Plan includes a total budget of $158,180,000 for all MEEIA Programs, while the First Utility Stipulation's budget was over $197 million. Also, the Performance Incentive ("PI") for the First Utility Stipulation was in a

[1] Commission File Nos. EO-2015-0240 and EO-2015-0241.

range of $23 to $48 million, whereas for the Second Utility Stipulation, the Earnings Opportunity ("EO") is only $24.7 million.

Discussion

Unlike the First Utility Stipulation, the Signatories agree the Second Utility Stipulation is expected to provide benefits to all customers, including customers who do not participate in the Programs.[2] This provision satisfies the Commission's concern about the First Utility Stipulation. In its prior Report and Order, the Commission rejected recovery of MEEIA programs as proposed by the First Utility Stipulation because they were not beneficial to all customers, regardless of whether the programs are used or not.[3]

The Signatories further agree the DSIM reasonably relies on retrospective EM&V to determine the actual Throughput Disincentive ("TD") and Earnings Opportunity ("EO") amounts. Ameren Missouri agrees to have its independent EM&V evaluator(s) perform annual EM&V process and impact evaluations, which will include both ex-post gross and net-to-gross ("NTG") evaluations. Annual ex-post gross by measure will be used to adjust the TRM deemed annual energy and demand savings. In contrast to the First Utility Stipulation, the TD in the Second Utility Stipulation will utilize the updated TRM on a prospective basis and still be subject to the true-up provisions provided for in the DSIM.[4]

The Second Utility Stipulation further provides that unless Ameren Missouri achieves approximately 222 MW (including reserve margin and losses) of coincident-demand savings in the year 2022 pursuant to utility-sponsored energy efficiency programs, its contingency plan is to construct a 600 MW combined cycle gas generating plant to begin

[2] Second Utility Stipulation, p. 2.
[3] Report and Order, p. 15 (October 22, 2015), see also Section 393.1075.4 RSMo.
[4] Second Utility Stipulation, p. 11.

operation in the year 2023. The capital cost of the plant would be $948 million in 2023 dollars. But, should Ameren Missouri achieve a specified amount of coincident-demand savings in its MEEIA Cycles 2, 3, and 4, Ameren Missouri may be able to defer building that generating plant.[5]

Decision

Commission Rule 4 CSR 240-2.115 allows the Commission to treat a non-unanimous stipulation as if it were unanimous if no party objects. Because no party objects, the Commission will treat the Second Utility Stipulation as unanimous. This case may be decided without convening another hearing.[6] Also, the Commission need not separately state its findings of fact or conclusions of law.[7]

Under MEEIA, and with Commission approval, electric utilities may offer demand-side programs and special incentives to participating customers designed to put demand-side initiatives on equal footing with traditional supply-side resources. In order to accomplish that equal footing, the law requires the Commission to do three things:

(1) Provide timely cost recovery for utilities;
(2) Ensure that utility financial incentives are aligned with helping customers to use energy more efficiently and in a manner that sustains or enhances utility customers' incentives to use energy more efficiently; and
(3) Provides timely earnings opportunities associated with cost-effective measurable and verifiable savings.[8]

Based on the Commission's impartial and independent review of the Second Utility Stipulation, the Commission finds that the Second Utility Stipulation meets the afore-mentioned MEEIA standards and addresses the specific problems identified by the

[5] *Id.* at 13.
[6] Section 536.060 RSMo Cum. Supp. 2012.
[7] Section 536.090 RSMo Cum Supp. 2010.
[8] Section 393.1075.3 RSMo.

Commission in its prior Report and Order rejecting Ameren Missouri's prior Cycle 2 MEEIA Plan. Therefore, the Commission will approve the Second Utility Stipulation. The Commission thanks and commends all the parties for their diligent work in negotiating a stipulation that meets Missouri's MEEIA goals of assisting customers to use energy more efficiently.

THE COMMISSION ORDERS THAT:

1. The MEEIA Cycle 2 Plan filed by Union Electric Company, d/b/a Ameren Missouri, as amended by The Non-Unanimous Stipulation and Agreement filed on February 5, 2016, which is Exhibit 1 to this order, is approved.

2. The Non-Unanimous Stipulation and Agreement filed on February 5, 2016 is approved, and its signatories shall comply with its terms.

3. The motion for expedited treatment is granted.

4. This order shall become effective on March 1, 2016.

5. This file shall be closed on March 2, 2016.

BY THE COMMISSION

Morris L Woodruff

Morris L. Woodruff
Secretary

Hall, Chm., Stoll, Kenney,
Rupp, and Coleman, CC., concur.

Pridgin, Deputy Chief Regulatory Law Judge