

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

In the Matter of Union Electric Company d/b/a)
Ameren Missouri's 3rd Filing to Implement) File No. EO-2018-0211
Regulatory Changes in Furtherance of Energy)
Efficiency as Allowed by MEEIA.)

**UNANIMOUS STIPULATION AND AGREEMENT REGARDING THE
IMPLEMENTATION CERTAIN MEEIA PROGRAMS THROUGH PLAN YEAR 2022**

COME NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or the "Company"), Staff of the Missouri Public Service Commission ("Staff"), and the Office of the Public Counsel ("OPC"), Consumers Council of Missouri, Renew Missouri Advocates d/b/a Renew Missouri, National Housing Trust, (collectively referred to as "Signatories"), and submit this *Unanimous Stipulation and Agreement Regarding the Implementation of Certain MEEIA Programs through Plan Year 2022* ("*Stipulation PY 2022*") for approval by the Missouri Public Service Commission ("Commission"). All parties to this proceeding have either signed this *Stipulation PY 2022* or have indicated they will not oppose this *Stipulation PY 2022*.¹

In support of this *Stipulation PY 2022*, the Signatories respectfully state as follows:

BACKGROUND

1. On June 4, 2018, Ameren Missouri filed its *Application to Approve DSIM and Demand-Side Management Portfolio and Plan, Request for Variances, and Motion to Adopt Procedural Schedule* ("*Application*"), together with a report, including associated appendices, entitled *Ameren Missouri's 2019-24 Energy Efficiency Plan* (the "*Report*") in this case under the Missouri Energy Efficiency Investment Act ("MEEIA") and the Commission's MEEIA rules for

¹ Midwest Energy Consumers Group, Missouri Division of Energy, Natural Resources Defense Council, Tower Grove Neighborhood Community Development Corporation, Evergy Metro, Inc. d/b/a Evergy Missouri Metro, Evergy Missouri West, Inc. d/b/a Evergy Missouri West, and Spire Missouri, Inc. have indicated that while they are not Signatories to *Stipulation PY 2022*, they do not oppose its approval.

approval of its proposed MEEIA Cycle 3 plan. On October 25, 2018, as a result of extensive settlement negotiations, Ameren Missouri entered into an agreement with several parties in this proceeding for approval of a three-year plan ("MEEIA 2019-21"). The resulting settlement was approved by the Commission in an order dated December 5, 2018.

2. On May 13, 2020, Ameren Missouri submitted an *Application for Modification of Demand-side Management Plan, Approval of Associated Variances, and Adoption of a Procedural Schedule* ("*Application for MEEIA Extension*"). The *Application for MEEIA Extension* requested an extension of the existing MEEIA 2019-21 through plan year ("PY") 2022, with the addition of a new Pay as You Save ® ("PAYS®") program during PY 2022.

3. After filing, Ameren Missouri and multiple parties to this case undertook discussions in anticipation of potential settlement of the issues. After negotiations, the Signatories agreed that the *MEEIA Extension* could be implemented under certain terms and conditions through PY 2022. In light of the foregoing, the Signatories to this *Stipulation PY 2022* agree to the following terms and conditions.

SPECIFIC TERMS AND CONDITIONS

4. Budget. The Signatories agree that the following budget caps and floors will apply for PY 2022:

Program	Budget Cap/Floor
Residential	\$15,250,000 (floor)
PAYS®	\$750,000 (floor)
Business	\$18,250,000 (floor)
Low-Income	\$10,000,000 (floor) and \$14,000,000 (cap)
Portfolio Cost	\$5,500,000 (cap)
Total Cap	Cap of \$70,000,000

Ameren Missouri will strive to prudently spend \$70 million delivering MEEIA programs for the benefit of all customers. Ameren Missouri will have a 1% contingency (i.e., plus 1% of the budget) within which to operate in managing the budget.² The attached Appendix A contains a detailed breakdown of the proposed budget and targets for PY 2022.

5. Portfolio Costs. The \$5.5 million budget for "Portfolio Costs" reflects reduced spending on Evaluation, Measurement and Verification ("EM&V") and \$700,000 for a Market Potential Study. And as discussed further below, Ameren Missouri also agrees to perform a PAYS specific potential study to inform its next MEEIA cycle.

6. Administrative and incentive cost splits will be monitored at the Residential, Business, and Low Income portfolio level, with truncated 11-step change process notifications in PY 2022.³ Administrative and incentive cost splits are outlined in Appendix A to this *Stipulation PY 2022* and will stay within a plus or minus 15% variance to the portfolio level totals.⁴

7. Portfolio. The Signatories agree that Ameren Missouri may implement the programs for PY 2022 as described in its *Application for MEEIA Extension*, as modified below. Further, the Signatories agree that the exclusion of any program listed below for PY 2022 does not exclude that same program from implementation in any future MEEIA program cycle, provided that the measure meets applicable cost-effectiveness criteria.

² This budget excludes the total potential earnings opportunity of up to \$11,905,000.

³ Notifications may be informal to regulatory stakeholders rather than notifications filed through EFIS.

⁴ Regarding Ameren Missouri's business demand response program, for new and existing customers the average capacity payments on a per kW basis will be maintained within 15% of 2019 levels.

- *Revisions to Residential Program:*
 - Ameren Missouri will discontinue the Home Energy Reports, Energy Efficient School Kits, and Residential Education programs for PY 2022.⁵
 - Ameren Missouri will spend at least \$10 million on the HVAC program.
 - The Residential Lighting program will be shifted to the Low Income portfolio in order to close the LED penetration/saturation gap identified through the 2019 market research and market potential study. This measure will be limited to retail stores in pre-defined zip codes that meet the threshold criteria defined by stakeholders (e.g., 80% of Area Median Income). The evaluation for this measure will focus on the change in market penetration and saturation based on the volume of sales.

- *Revisions to Business Programs:*
 - Ameren Missouri will discontinue the Business New Construction programs for PY 2022.
 - Ameren Missouri will withdraw its proposed Business Education program from its PY 2022 programs.
 - The costs for Business portfolio budgets are fungible and may be reallocated as appropriate amongst remaining measures.

- *Low-Income Programs:*
 - Ameren Missouri will target a \$2 million spend for its Business Social Services program and \$5 million for its Multifamily Low Income program.

⁵ The Company's proposed 2022 plan already proposed to discontinue the Appliance Recycling program.

- For the Multifamily Low Income program, the Company agrees to target 15% Average Percent Energy Savings Per Property
- *PAYS*[®]:
 - Ameren Missouri will operate *PAYS*[®] as a program rather than as a pilot, and will begin implementing the program in 2021 rather than 2022.
 - In PY 2021, *PAYS*[®] will provide \$5 million in financing to eligible customers.
 - In PY 2022, *PAYS*[®] will provide \$10 million in financing to eligible customers.
 - Ameren Missouri will finance its *PAYS*[®] investments as follows:
 - Program participants will pay a 4% financing cost.
 - Non-participants will be charged the difference between pre-tax Plant-In-Service Accounting ("PISA") rate and the 4% financing cost (when not transitioned to base rates). The cost of financing to non-participants is a MEEIA cost similar to throughput disincentive since it is not part of the program budget, and will be a recoverable expense through Rider EEIC.
 - In a future rate case, the *PAYS*[®] financed regulatory asset will be rolled into rate base with typical cost of capital treatment (i.e., it will be treated like other capital items with amortization based on the makeup of the projects). The *PAYS*[®] principal and 4% financing revenue will still come from a *PAYS*[®] line item on participant bills as an offsetting revenue when setting base rates.

- The agreements with regard to PAYS[®] in this paragraph of the agreement shall not be construed as an agreement or determination of a fair and reasonable capital structure (including adjustments thereto) for ratemaking purposes in Ameren Missouri's subsequent general rate cases. The Signatories acknowledge that Staff and OPC disagreed with the Company's recommended capital structure in File No. ER-2019-0335, and that all elements of a proper ratemaking capital structure for Ameren Missouri will continue to be subject to dispute in subsequent rate cases.
- Before the end of calendar year 2020, Ameren Missouri will host a meeting to review the initial marketing materials. PAYS[®] participant evaluation surveys for 2021 will be shared with stakeholders for comment before being sent to customers.
- Separately, Ameren Missouri also commits to developing a PAYS[®] specific potential study to inform its next MEEIA cycle.

8. Evaluation, Measurement, and Verification ("EM&V"). The Signatories agree that Ameren Missouri may implement EM&V for PY 2022 as described in its *Application for MEEIA Extension*, as modified below:

- With the exception of PAYS[®], there will be no process evaluation for existing programs.
- Evaluations will focus on ex post gross savings, limited to updating Deemed Savings verification, which will be used for the earnings opportunity performance bonus.

9. Throughput Disincentive. The Signatories agree that the Throughput Disincentive for PY 2022 will be implemented as described in its *Application for MEEIA Extension*, as modified below:

- The throughput disincentive for the PY 2022 year will utilize an 82.5% net-to-gross factor with no true-up.

- Low-Income residential lighting measures (Multifamily, Single Family, and Retail channels) will assume a CFL baseline.
 - The fall 2021 Technical Resource Manual ("TRM") and Deemed Savings table update filing will include low income-specific lighting measures to reflect this baseline assumption effective as of January 1, 2022.

10. Earnings Opportunity. The Signatories agree that the Earnings Opportunity for PY 2022 will be implemented as specified below, resulting in a total potential earnings opportunity of \$11,905,000 (i.e., a maximum of \$10.745 million core earnings opportunity plus an additional \$1.160 million performance bonus incentive):

- *Core Earnings Opportunity*:
 - Ameren Missouri will spend the minimum (floor) in each of the four program areas for eligibility of the full core earnings opportunity.
 - The earnings opportunity will be reduced by \$1 million for each spending floor missed.⁶
 - As a subcomponent of the \$1 million spending floor for the low income portfolio, the earnings opportunity is reduced by \$250,000 if the Multifamily Low Income program does not achieve 10% or greater Average Percent Energy Savings Per Property.
 - The core earnings opportunity vests at \$52.5 million actual spend.
 - The formula for calculating the core earnings opportunity is:

$$\$10.745 \text{ million} \times (\text{actual spend} / \$70 \text{ million})$$

⁶ For example, Ameren Missouri could spend \$70 million in all business programs, but still receive an earnings opportunity of \$7.745 million if it did not meet the Residential, PAYS®, and Low-Income spending floors.

- The core earnings opportunity is capped at \$10.745 million.
- *Earnings Opportunity Performance Bonus:*
 - The maximum earnings opportunity performance bonus is \$1,160,000 (i.e., \$410,000 for demand response events plus \$750,000 for ex post gross MW performance).
 - Ameren Missouri is eligible for a maximum \$410,000 bonus for eight qualifying residential demand response events (\$51,250 per event).⁷
 - The gross MW for demand response is based on event season performance, and will be measured the same for PY 2022 as for PY 2021.⁸
 - The portfolio-wide gross megawatt ("MW") performance bonus is equal to ratio of ex post gross MW achieved to the gross MW target, minus one to develop a percentage, and then multiplied by the core earnings opportunity target of \$10.745 million.⁹
 - The gross MW target is equal to 229.8 MW.¹⁰

11. Research and Development. Through a stakeholder engagement process similar to the Demand Response collaborative, a Feasibility Study will be developed for MEEIA Cycle 4.

⁷ Ameren Missouri will call all of the enrolled participants for each event with the exception of those identified in the evaluation strategy as the control group for each event, unless an event is used for locational demand response purposes.

⁸ PY 2021 will be measured in accordance with the MEEIA 2019-21 Report adopted by the October 25, 2018, *Stipulation and Agreement*.

⁹ For example, assume the portfolio gross MW target is 100 MW, and the PY 2022 gross MW achieved is 105 MW. Ameren Missouri would have exceeded the gross MW target by 5% ($100/105 = 1.05$, and $1.05 - 1 = .05$, or 5%). The 5% is multiplied by \$10.745 million, resulting in a \$537,250 earnings opportunity performance bonus ($.05 \times \$10,745,000 = \$537,250$).

¹⁰ 115 MW (PY22 incremental, all programs) + 75 MW (cumulative Business demand response through 2021) + 39.8 MW (cumulative Residential demand response through 2021)

- Ameren Missouri will host two stakeholder working group sessions between September 2020 and September 2021 to identify relevant information and considerations for the Feasibility Study.
- The Feasibility Study will include an examination of the Urban Heat Island Initiative.

12. As part of the Multifamily Low-Income (or “CommunitySavers”) program, the Company shall make best efforts to co-deliver energy efficiency measures with natural gas utilities. When program contractors perform building evaluations in affordable multifamily buildings pursuant to the program, such building evaluations shall include an evaluation of the feasibility of both electric and gas measures. Program contractors and implementers shall help customers obtain rebates and incentives from gas utilities with approved programs or provide customers with all application materials necessary to apply for and secure rebates and incentives from gas utilities with approved programs. As part of its quarterly Regulatory Stakeholder Meetings, the Company shall report on co-delivery progress, including on the number of measures co-delivered, number of buildings in which measures were co-delivered, and number of units in which measures were co-delivered.

GENERAL PROVISIONS

13. This *Stipulation PY 2022* is being entered into solely for the purpose of settling the issues specifically set forth above, and represents a settlement on a mutually-agreeable outcome without resolution of specific issues of law or fact. This *Stipulation PY 2022* is intended to relate *only* to the specific matters referred to herein; no Signatory waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein. No party will be deemed to have approved, accepted, agreed, consented, or acquiesced to any substantive or procedural principle, treatment, calculation, or other determinative issue underlying the provisions

of this *Stipulation PY 2022*. Except as specifically provided herein, no Signatory shall be prejudiced or bound in any manner by the terms of this *Stipulation PY 2022* in any other proceeding, regardless of whether this *Stipulation PY 2022* is approved.

14. This *Stipulation PY 2022* has resulted from extensive negotiations, and the terms hereof are interdependent. If the Commission does not approve this *Stipulation PY 2022*, approves it with modifications or conditions to which a party objects, or issues an order in another Commission case that negates its approval or conditions or modifies the *Stipulation PY 2022* in a manner to which any party objects, then this *Stipulation PY 2022* shall be null and void, and no Signatory shall be bound by any of its provisions.

15. If the Commission does not approve this *Stipulation PY 2022* unconditionally and without modification, and notwithstanding its provision that it shall become void, neither this *Stipulation PY 2022*, 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 2016 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 *Stipulation PY 2022* had not been presented for approval, any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this *Stipulation PY 2022*, 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.

16. If the Commission unconditionally accepts the specific terms of this *Stipulation PY 2022* without modification, the Signatories waive, with respect only to the issues resolved herein: their respective rights (1) to call, examine and cross-examine witnesses pursuant to Section

536.070(2), RSMo 2016; (2) their respective rights to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2016; (3) their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2016; and (4) their respective rights to judicial review pursuant to Section 386.510, RSMo 2019 Supp. These waivers apply only to a Commission order respecting this *Stipulation PY 2022* 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 *Stipulation PY 2022*.

17. This *Stipulation PY 2022* contains the entire agreement of the Signatories concerning the issues addressed herein.

18. This *Stipulation PY 2022* does not constitute a contract with the Commission and is not intended to impinge upon any Commission claim, right, or argument by virtue of the *Stipulation PY 2022's* approval. Acceptance of this *Stipulation PY 2022* 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 or as an acquiescence of any underlying issue. Thus, nothing in this *Stipulation PY 2022* 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.

19. The Signatories agree that this *Stipulation PY 2022*, except as specifically noted herein, resolves all issues related to these topics, and that the agreement should be received into the record without the necessity of any witness taking the stand for examination.

WHEREFORE, the Signatories respectfully request that the Commission approve Ameren Missouri's *Application for MEEIA Extension* as amended herein.

Respectfully submitted,

/s/ Paula N. Johnson

Paula N. Johnson

Senior Corporate Counsel

Missouri Bar No. 68963

Ameren Missouri

1901 Chouteau

PO Box 66149, MC 1310

St. Louis, MO 63166-6149

(314) 554-3533 (phone)

(314) 554-4014 (fax)

AmerenMOService@ameren.com

Eric Kendall Banks

Missouri Bar No. 28655

Banks Law LLC

308 N 21st Street, Suite 401

St Louis, MO 63103

(314) 583-7075 (phone)

(302) 365-2789 (fax)

ericbanks@bankslawllc.com

For UNION ELECTRIC COMPANY

D/B/A AMEREN MISSOURI

/s/ Caleb Hall

Caleb Hall

Missouri Bar No. 68112

Office of the Public Counsel

200 Madison St, P.O. Box 2230

Jefferson City, MO 65102

(573)751-4857

Caleb.Hall@opc.mo.gov

For THE OFFICE OF THE PUBLIC

COUNSEL

/s/ Andrew J. Linhares

Andrew J. Linhares

Missouri Bar No. 63973

Renew Missouri Advocates

3115 S Grand Ave, Suite 600

St. Louis, MO 63118

(314) 471-9973 (phone)

andrew@renewmo.org

For NATIONAL HOUSING TRUST

/s/ Nicole Mers

Nicole Mers

Deputy Counsel

Missouri Bar No. 66766

Travis Pringle

Missouri Bar No. 71128

Staff Counsel Division

PO Box 360

Jefferson City, MO 65102

Phone: 573-751-6651

Nicole.Mers@psc.mo.gov

For STAFF OF THE MISSOURI

PUBLIC SERVICE COMMISSION

/s/ Tim Opitz

Tim Opitz

Missouri Bar No. 65082

409 Vandiver Drive, Building 5, Ste 205

Columbia, MO 65202

(573) 825-1796 (phone)

(573) 303-5633 (fax)

tim@renewmo.org

For RENEW MISSOURI ADVOCATES

d/b/a RENEW MISSOURI

/s/ John Coffman

John B. Coffman

Missouri Bar No. 36591

John B. Coffman, LLC

871 Tuxedo Blvd

St. Louis, MO 63119-2044

(314) 424-6779 (phone)

john@johncoffman.net

For CONSUMERS COUNCIL OF

MISSOURI

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing was served on all parties of record via electronic mail (e-mail) on this 10th day of July, 2020.

/s/ Paula N. Johnson

Paula N. Johnson