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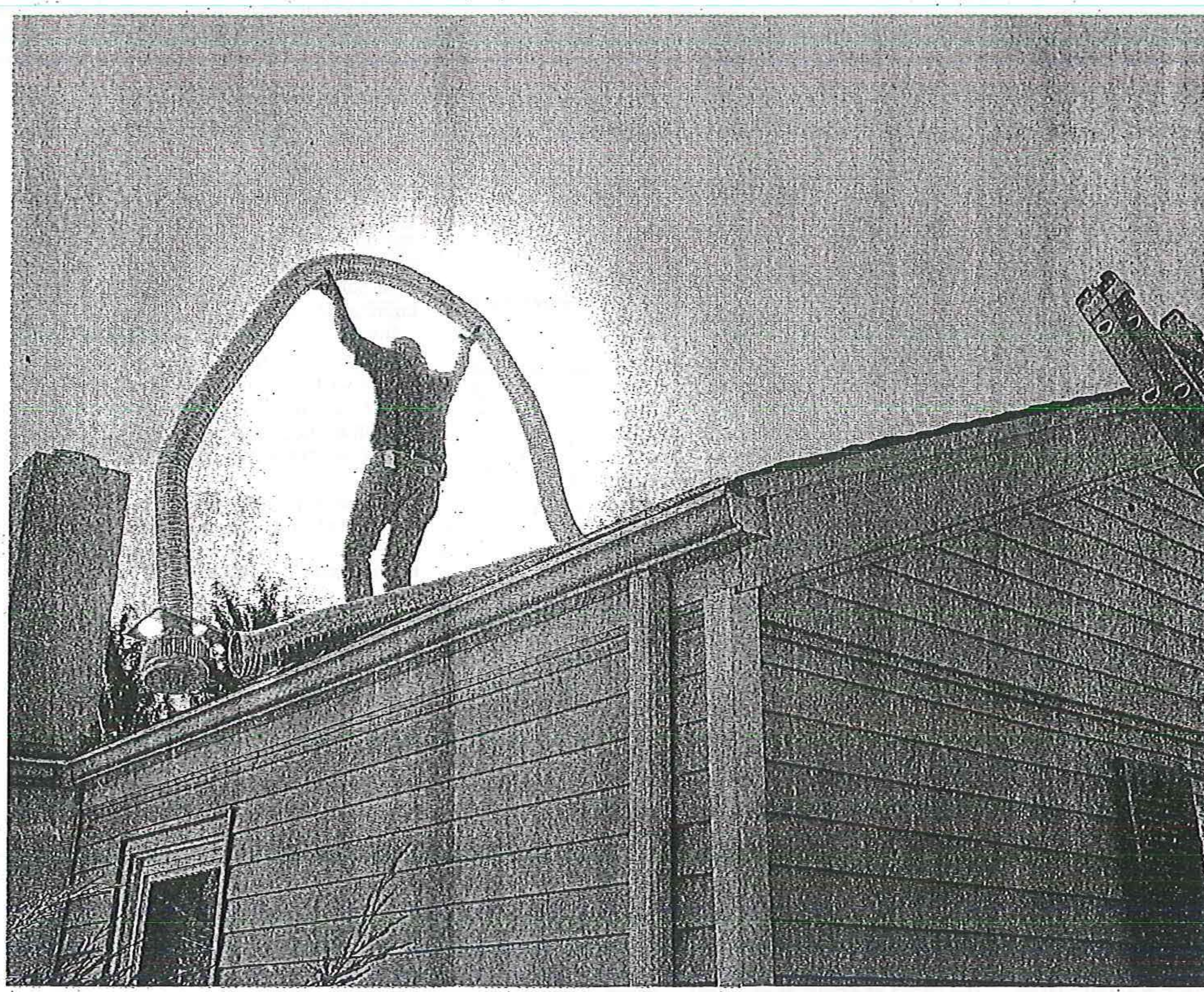
"I don't think they'll walk away. I think there's too much money here."

— Geoff Marke, an economist with the Missouri Office of Public Counsel



CHRISTIAN GOODEN • cgooden@post-dispatch.com

Mark Wahle, a technician with Zipf-Air Inc., prepares to drop a new vent liner down the chimney of home in Dogtown last October. The narrower vent was needed for the new heating and air conditioning unit to meet efficiency standards for a rebate from Ameren.

EFFICIENCY IMPASSE

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Ameren Missouri's leverage with regulators, billing methods have some decrying lack of teeth in state's energy statute

BY JACOB BARKER
St. Louis Post-Dispatch

In a poker game where the stakes are efficiency rebates underpinning the broadest energy savings program ever pursued in the St. Louis region, utility regulators have to decide who's bluffing.

Some believe Ameren Missouri is suggesting it might fold and let an almost three-year-old efficiency program lapse at the end of 2015 if regulators don't approve a plan it favors. After all, it is under no legal obligation to sign up for a program that asks it to help customers buy less of its product — electricity — if it doesn't want to.

"As I understand the interpretation of the (Missouri) statute, ultimately the utility gets to decide whether they can implement that plan," Lynn Barnes, Ameren Missouri's controller and vice president of business planning told the Missouri Public Service Commission in hearings on the plan last week. "So I think we do have the last word."

But to listen to Missouri's consumer advocate tell it, there's plenty of money in the pot to keep Ameren Missouri playing the energy efficiency game, even if the PSC makes some changes the utility doesn't like.

"I don't think they'll walk away," Geoff Marke, an economist with the Missouri Office of Public Counsel, told the PSC. "I think there's too much money here."

Some states, such as Illinois, require utilities to meet energy savings goals, but Missouri's state law is voluntary. It's set up to convince utilities to participate by covering program costs and lost revenue while dangling the prospect of a profit, all recouped as charges on monthly electric bills. The $6 per month paid by the average household covers programs such as cash rebates for old appliances, discounted light bulbs at retailers and more extensive building retrofitting for businesses.

But going forward, the public counsel, PSC and some other groups want audits to ensure customers aren't overbilled by the utility when it collects revenue lost by promoting energy savings. The public counsel says it already has collected $25 million more.

Ameren says it needs the money to offset lower electric sales up front in order to

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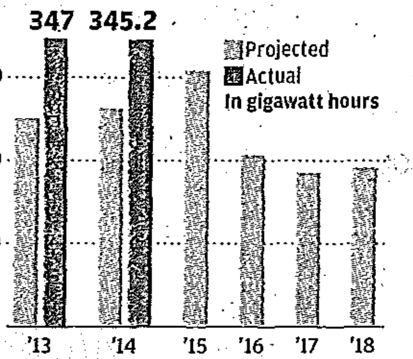
ENERGY SAVINGS TARGETS

Ameren Missouri's three-year-old energy efficiency rebate program expires at the end of 2015, and some worry it will lapse because of a disagreement in program design between the utility and state regulators. In its first year, Ameren saved about 347 gigawatt hours, enough energy to power about 26,000 homes for a year.



Note: 2016-2018 goals proposed by Ameren, not finalized.

...lace strips, credit card swipes become 'dips'

...ture for credit cards, is rolling ... in St. Louis. Soon we'll all be ...ping more and swiping less.

...anks are mailing out millions ... new credit and debit cards ...h an embedded chip. The chip ...ks like a rectangle with squig... near one edge of the card.

...y the year's end, 65 percent ...ards in use will have chips, ...ng to 95 percent by 2017, ...s Carolyn Balfany, senior ... president at MasterCard's ...nology center in St. Charles ...nty.

...ipping — the card industry's term — means sticking the end with the chip into a slot, chip-side up. The customer leaves it there until the transaction finishes — which will cause some confusion at first.

It's the beginning of a multiyear transition in which the magnetic strip may disappear from the backs of credit cards. That strip is vulnerable to thieves, who copy the coding to manufacture phony cards.

The new chips are nearly impossible to forge, bankers say.

Many retailers are busy installing chip-reading card terminals. Aite Group, a financial research and consulting firm, expects that 59 percent of card terminals will take chip cards this year, rising to 90 percent by 2017.

The big dogs of retailing will get them this year, while the mom-and-pops will be slower to adapt. That's because new terminals cost money — a problem for mom-and-pops. The whole transition is likely to cost $8.65 billion.

The new chip cards will still have magnetic strips, so you can use them in non-chip card terminals. But if you try to swipe a chip card in a chip-enabled machine, the machine will tell you to dip it instead.

The chip system is called EMV, for Europay, Mastercard and Visa, the groups that developed it.

So, why put America through the hassle of learning a new way to pay?

It's for our own good, says the banking industry. Oh, and it will

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...laus' column returns this week

billion of debt. Yet on Capitol Hill, Puerto Rico's push to allow some agencies to file for bankruptcy has stalled. Efforts to find a Republican to co-sponsor the legislation haven't borne fruit.

"Federal authorities seem to be taking the position that the only possible options are the extremes of a bailout or nothing at all,"

ing 100 percent. The Puerto Rico Electric Power Authority, the island's main power provider, is also in talks with creditors over its $9 billion debt load.

Investors shouldn't expect any new help from Washington, said Daniel Solender, who oversees $17 billion as head of municipal debt at Lord Abbett in Jersey

cussions with Puerto Rico for more than two years, according to Melba Acosta, president of the Government Development Bank, which works on the island's debt sales.

Treasury officials have pushed the commonwealth to come up with a long-term plan to steady

Estrella, the former New York Fed economist, said the steps Washington has taken so far have done little to help.

The advice "that the White House said the Treasury has shared with Puerto Rico officials over the last year or two has clearly been ineffectual," he said.

they've been very negative," he said in an interview published this week.

"As U.S. citizens, we feel very abandoned by Washington," he said. "At the highest levels, the United States has more interest in Greece and in Cuba. And neither of those are U.S. territories."

Program could lapse this year

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protect shareholders and comply with accounting rules. Subjecting that revenue to auditing and revision that could take months is a nonstarter, the utility says.

Ameren's leverage and the dispute over how it bills ratepayers for revenue lost to efficiency measures has some calling for a redesign of Missouri's regulatory structure.

"From a policy standpoint, it's a dangerous road to go down when you have one party able to have more leverage than other parties before the commission," said Janine Migden-Ostrander, a principal with the Regulatory Assistance Project who follows energy efficiency policy.

The debate is playing out and risking energy efficiency programs in much of Missouri just as new federal rules limiting carbon emissions from power plants are weeks from being finalized. Missouri, like other states, will have to develop a compliance plan that will probably have to rely heavily on energy efficiency.

The Natural Resources Defense Council is backing Ameren's plan, worried that the utility's program could lapse if the PSC decides to make changes sought by public counsel, the PSC staff and the Sierra Club. Despite the NRDC's frequent criticisms of Ameren efficiency goals it says are too low, it bargained with the utility for a slightly higher goal through 2018 and hopes to add more after the program starts.

"Having worked on these issues for a long time, you never get everything you want and you have to go step by step," NRDC economist Ashok Gupta said.

While Ameren won't say directly whether it will let the program lapse if its plan isn't adopted, the utility did warn that letting the program end in December would kill the momentum it has gained over the last three years.

"Ameren's partnering with hundreds of local businesses and trade programs to make these programs effective," Bill Davis, an Ameren economic analysis and pricing manager who works on the program, said in an interview. If it lapses, "that underlying support structure breaks down."

Call Ameren's bluff, Tim Woolf, an energy consultant hired by the Sierra Club for the case, told the PSC. Regulators could later find Ameren's decision to end the program "imprudent" the next time it asked for higher rates.

"It seems very unlikely that the company would take the risk of implementing no energy efficiency at all," said Woolf, vice president of synapse energy economics.

DECOUPLING

Woolf and others said the best way to fix the bickering is to change Missouri's regulatory structure with a policy called decoupling. The policy essentially guarantees a level of revenue set by regulators by adjusting electricity rates through the year or annually, no matter how much it actually sells.

By making the utility agnostic about how much electricity it sells, it's free to pursue energy efficiency programs. According to the NRDC, 20 states have adopted or are in the process of adopting electric utility decoupling.

"Lost revenue mechanisms like what's seen in (this case) should be avoided at all costs," Woolf said. "Decoupling is just a much better way to achieve the goal."

The PSC last week began a case to investigate the prospect of decoupling in Missouri.

"I think this is timely... I think this a great first step toward addressing issues we've been hearing," said outgoing commission chairman Robert Kenney.

Ameren doesn't yet have a position on the policy but said it has been discussing it with interested parties. "We're going to continue those discussions," Ameren's Davis said.

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Unions have criticized tax

HEALTH • FROM E1

going to have to address this issue, or you will see employers leaving the benefit business in droves."

The Cadillac tax will effect many businesses, but those who operate in high-cost areas will bear the brunt. Simpson said St.

decade. Simpson estimated that almost every one of his clients would need to pay the tax by 2022. Aon Hewitt, a benefits consultant, estimates a business that was taxed on $200 in excess premiums in 2018 would be taxed on $9,000 in 2027.

With that reality, some companies are already taking steps to shield, or least postpone, the

can down the road, hoping Congress intervenes.

"Some are taking the approach they might as well continue offering what we want now and deal with it later," Feldman said.

Some brokers are advising their clients to hang tight to make sure the Cadillac tax even takes effect. The final guidelines haven't been issued, and there's talk in Congress of repealing or significantly altering the tax after the 2016 election.

lective bargaining agreement for worker health benefits. Unions have been one of the most outspoken critics of the Cadillac tax out of concern it will cause employers to reduce health benefits for their members.

Shaun O'Brien, assistant policy director with the AFL-CIO, said the tax is already affecting collective bargaining negotiations with employers looking to shift a larger share of medical costs on to workers.

"Over the medium term, ultimately you still have to pay people what they are worth," said Tom Miller, a resident fellow at the American Enterprise Institute, a conservative think tank. "If you aren't paying them in health benefits you have to pay them for wages."

However the Cadillac tax debate plays out, businesses are still struggling with the roll-out of the Affordable Care Act. Additional reporting requirements