BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of an investigation of the Cost to)	
Missouri's Electric Utilities Resulting from)	File No. EW-2012-0065
Compliance with Federal Environmental Regulations)	

REPLY COMMENTS OF

MISSOURI'S RURAL ELECTRIC COOPERATIVES

COMES NOW, the Association of Missouri Electric Cooperatives, Inc. ("AMEC"), by and through its undersigned counsel, and pursuant to the Commission's *Order Further Extending Time To Respond to Filings* issued on September 3, 2014 in the above-referenced case, respectfully states as follows:

- 1. AMEC concurs with the Sierra Club that Associated Electric Cooperative's ("AECI's") plants have some of the best heat rate performance in the state.
- 2. The Sierra Club's conclusions and supporting documentation respecting energy efficiency are based solely on investor-owned utility data; they also fail to take into account how the electric cooperatives are, as a practical matter, even supposed implement the EPA's proposed 1.5% reduction given the unique nature and decentralized member control of the Missouri electric cooperatives' unique three-tiered electric generation, transmission and distribution system.
- 3. AECI has invested over \$40.4 million dollars in energy efficiency from 2009-2013¹. During that time it has distributed over 2.6 million CFL light bulbs, rebated 29,118 Energy Star appliances, 15,602 high efficiency water heaters, 10,881 heat pumps, and conducted 6,460 residential energy audits. The projected lifetime savings of that investment is approximately 1,096,086,235 kWh, enough to power 76,000 homes for one year. Each year AECI performs an

1

¹ This amount includes investments for all of AECI's member-owners in Missouri, Oklahoma and Iowa.

annual Evaluation, Monitoring and Verification (EM&V) Study and has concluded its investment reduces energy demand by about 0.5% per year. Since its inception, the energy efficiency program in the rural areas AECI serves has never achieved a cumulative impact of over 1.0% on an annual basis, far from the 1.5% compound annual reduction forecasted by the EPA.

The EPA has grossly overestimated the energy efficiency reductions achievable in rural areas because it has failed to take into account lower population densities, lower income levels, and the relative lack of economies of scale for large commercial/business/office energy users when compared with the demographics of investor-owned utility service areas. Moreover, only three states (Arizona, Connecticut, and Vermont) have achieved a 1.5% energy efficiency goal and those states have programs over twenty years old. California, which often is used as an example of the model for state energy efficiency programs, has only achieved a 1% reduction; most other states are closer to 0.5%.

The 1.5% energy efficiency target theoretically *may* be achievable over time but certainly not in the short timeframe allowed for compliance under the Clean Power Plan as currently proposed. At minimum, the EPA should remove or modify Building Block #4 to a more realistic energy efficiency target for rural electric cooperatives.

4. More than 200,000 member-owners of Missouri's electric cooperatives already have taken the time and effort to send individual messages to the EPA to voice their concerns about the EPA's proposed Clean Power Plan and its adverse impact on the affordability of electricity in rural Missouri. In addition to carefully considering the more specific and technical comments AMEC has submitted, AMEC asks that the Commission remember and respect these real-world, non-theoretical concerns when it submits its comments to the EPA.

Respectfully submitted,

/s/ Brent Stewart

Brent Stewart, MoBar 34885
Legislative and Regulatory Counsel
Association of Missouri Electric Cooperatives
2722 East McCarty Street
P.O. Box 1645
Jefferson City, Missouri 65102
(573) 659-3442 (office)
(573) 659-3411 (fax)
bstewart@amec.org

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was filed in the above captioned case via EFIS with an electronic copy provided via email to the Commission's General Counsel's Office and to the Office of the Public Counsel this 16th day of September, 2014.

/s/ Brent Stewart