

**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	)	<b><u>Case No. EO-2015-0055</u></b>
Changes in Furtherance of Energy	)	
Efficiency as Allowed by MEEIA.	)	

**STAFF’S STATEMENT OF POSITIONS  
ON THE ISSUES**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Statement of Positions on the Issues*, states herein as follows:

**1. Is the Company's Flex Pay Pilot Program ("Pilot") an energy efficiency program pilot under the Commission's rules, and should the Commission approve or reject the Pilot?**

**Staff’s Position:**

The Flex Pay Pilot Program (“Pilot”) is not an energy efficiency program as defined in the Missouri Energy Efficiency ACT (“MEEIA”) by either state statute or Commission rule. Rule 4 CSR 240-20.092(1)(B) provides that:

Approved demand-side program means a demand-side program or ***program pilot*** which is approved by the commission in accordance with 4 CSR 240-20.094 Demand-Side Programs; [emphasis added][.]

Pursuant to the rule, a demand-side pilot program is a demand-side program and the MEEIA rules apply to a demand-side pilot program just as they do to a demand-side program. Rule 4 CSR 240-20.094(4)(I) states:

The commission shall consider the TRC test a preferred cost-effectiveness test. For demand-side programs and program plans that have a TRC test ratio greater than one (1), the

commission shall approve demand-side programs or program plans, budgets, and demand and energy savings targets for each demand-side program it approves, provided it finds the utility has met the filing and submission requirements of this rule....

Further, 393.1075.4, RSMo, states in part that:

...Recovery for such programs shall not be permitted unless the programs are approved by the commission, result in energy or demand savings and are beneficial to all customers in the customer class in which the programs are proposed, regardless of whether the programs are utilized by all customers.

The TRC for the Pilot is estimated to be 0.17, well below 1. As a result, the Pilot will not provide benefits to all customers in the residential class in which it is being proposed.

Rule 4 CSR 240-20.092(1)(M) states:

Demand-side program means any program conducted by the utility to modify the net consumption of electricity on the retail customer's side of the electric meter, including, but not limited to, energy efficiency measures, load management, demand response, and interruptible or curtailable load, but not including deprivation of service or low-income weatherization.

Pursuant to the cited rule, if the Pilot causes deprivation of service to even one customer, it cannot be a MEEIA program. Because disconnects are expected to increase when customers move onto a prepay program, deprivation of service will most likely be an unavoidable consequence of the Pilot.

Therefore the Commission should reject the Pilot as proposed in MEEIA.

**2. How should a cost effectiveness test for this MEEIA pilot program be calculated and applied?**

**Staff's Position:**

Ameren Missouri calculated a TRC of 0.17 for the Pilot. Staff took no issue with how Ameren Missouri calculated the TRC for the Pilot. Staff's position

is that the Pilot should not be approved as a demand-side program in MEEIA. If the Pilot were offered inside or outside of MEEIA, a cost-effectiveness test should be done as part of EM&V at the conclusion of the Pilot.

**3. How should the Commission define a low-income customer for purposes of the Company's proposed pilot?**

**Staff's Position:**

Staff agrees with the Company's requirements for qualification to be a low-income customer. The customer must meet the same criteria as the low income exemption for the Energy Efficiency Investment Charge Rider.

**4. Additionally, it is Staff's position that, should the Commission approve the Flex Pay Pilot program as proposed, then the following conditions should be imposed:<sup>1</sup>**

1) Duration - Ameren Missouri will finalize negotiations with the Flex Pay implementation contractor. The Company will use its reasonable best efforts to commence operation of the Pilot within eight (8) months of the effective date of the Commission order approving the Flex Pay Stipulation. The Flex Pay Pilot shall conclude December 31, 2020. Ameren Missouri shall have a six-month grace period until June 30, 2021, to transition customers off of the Flex Pay Pilot.

2) Appropriate MEEIA Cycle - The Flex Pay Pilot should be approved as a MEEIA Cycle 2 pilot to be included in Ameren Missouri's existing MEEIA Cycle 2 and, upon approval of a MEEIA Cycle 3 application, the Flex Pay Pilot shall become a MEEIA Cycle 3 pilot program. However, notwithstanding the

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<sup>1</sup> Staff's conditions have evolved since Staff filed Rebuttal Testimony.

foregoing, if commencement of operation of the Pilot can first occur on a date which is after the date of the Commission's approval of a MEEIA Cycle 3 application, then the Pilot shall instead commence operations as part of MEEIA Cycle 3.

3) Participation Survey Instruments - Ameren Missouri will develop in cooperation with the Commission Staff's Customer Experience Department ("CXD"), and implement to the extent practicable, mutually agreeable pre- and post-participation survey instruments. Ameren Missouri shall provide results of the survey responses to the CXD.

4) Pilot Development - During Start-up of the Flex Pay Pilot, the Company shall coordinate with the CXD and takes its suggestions under advisement and, as practicable, incorporate suggestions of the CXD including those related to marketing, selection, and customer alert and notification initiation processes.

5) Pilot Accounting - The Company shall record any and all Flex Pay Pilot program costs using special accounting codes to distinguish such costs from other incurred costs that are included in Ameren Missouri's base rates.

6) Pilot Costs and Company's Recovery - The budgeted program costs for the Flex Pay Pilot shall be \$965,000, which includes \$48,000 for evaluation, measurement, and verification ("EM&V"). Fifty percent (50%) of the actual program costs, including 50% of actual EM&V costs, shall be recovered through Rider EEIC. The Company shall not seek recovery of the remaining 50% of actual program costs, including the remaining 50% of actual EM&V costs.

Additionally, the Company shall not recover any throughput disincentive or earnings opportunity for the Pilot through its Rider EEIC, and the Company shall not seek a normalization adjustment in a subsequent rate case.

7) Participant Tracking and Status Reports - The Company shall track each Flex Pay Pilot participant and the number of disconnections occurring in the Flex Pay Pilot. The Company shall also prepare and submit to the Commission, with aggregate information made publicly available and confidential information designed as appropriate, triannual (every four months) status reports containing the following information for all Customer Participants, Low-Income Customer Participants, and Non-Low Income Customer Participants:

1. Number of customers enrolled
2. Alert notification configuration trends
  - a. Description of alert notifications revision trends during Pilot participation
3. Total number of disconnections for non-low income customers or zero/negative balances that would have resulted in disconnections for low-income customers
4. Per customer number of disconnections for non-low income customers or zero/negative balances low-income that would have resulted in disconnections for low-income customers
5. Average number and average duration of disconnection for non-low income customers or zero/negative balances that would have resulted in disconnection for low income customers

6. Arrearages and bad debt total, per customer, and on average

7. Payments per customer per month

- a. Number of payments that incurred fees
- b. Number of payments that did not incur fees
- c. Amounts of fees incurred
- d. Average amount of fees incurred
- e. Payment amounts (exclusive of fees)
- f. Average payment amount

8. Reasons for leaving the pilot

9. Lessons learned to date

8) EM&V - EM&V shall cover the full Flex Pay Pilot period and shall include at least the following information:

- Quantification of energy savings;
- Determination whether the option of viewing electric usage in dollars and days changes behavior;
- Determination of whether there is a significant difference in the duration and frequency of disconnections between traditional pay and Flex Pay Pilot customers;
- Determination whether customers alter managing their electric use without compromising comfort;
- Determination of impact on customer awareness of energy costs;
- Determination of whether education affects customer budgets;

- An understanding how often customers want to receive notifications;
- Quantification of how often customers are disconnected;
- Quantification of how long customers are disconnected;
- Determination whether customers participate in other energy efficiency programs due to information received under the Flex Pay Pilot and the associated uplift in savings;
- Quantification of how often customers choose to add money to their Flex Pay Pilot accounts;
- Quantification of payment amounts customers choose to add to their Flex Pay Pilot accounts;
- Determination of the impact(s) of shorter times to reconnect power remotely;
- The Commission's EM&V auditor shall review the EM&V results and make recommendations for stakeholders to consider.

9) Variances - Variances are requested, and should be granted, from the following regulations:

- a. 4 CSR 240-13.020(1), (9), and (12);
- b. 4 CSR 240-13.020(2);
- c. 4 CSR 240-13.020(6);
- d. 4 CSR 240-13.020(7);
- e. 4 CSR 240-13.025(1)(C);
- f. 4 CSR 240-13.030(6);
- g. 4 CSR 240-13.030(2)(C), (4)(C), and (4)(D);

- h. 4 CSR 240-13.045(1) and (7);
- i. 4 CSR 240-13.050(2)(F), (3), (4), (5), (6), (7)(B), (8), and (9);
- j. 4 CSR 240-13.055(1)(E), (3)(A), (3)(B), (3)(C), (3)(D), (3)(E),  
(5), (6)(B), and (10).
- k. 4 CSR 240-20.092(1)(M).

Respectfully submitted,

*/s/ Kevin A. Thompson*

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### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, **on this 18<sup>th</sup> day of April, 2018**, on the parties and their representatives as identified on the Service List maintained for this docket by the Commission's Data Center.

*/s/ Kevin A. Thompson*