

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

In the Matter of the Second Prudence Review)
of Union Electric Company d/b/a Ameren)
Missouri's Implementation of Energy)
Efficiency Programs in Furtherance of the)
Missouri Energy Efficiency Investment Act)
(MEEIA))

File No. EO-2017-0023

**STAFF'S REPORT OF SECOND MEEIA PRUDENCE REVIEW
AND PROPOSED ADJUSTMENTS**

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Report of Second MEEIA Prudence Review and Proposed Adjustments* ("Report and Proposed Adjustments"), respectfully states to the Missouri Public Service Commission ("Commission"):

BACKGROUND

1. Ameren Missouri's ("Ameren") tariff provides that "[a] prudence review shall be conducted no less frequently than at twenty-four (24) month intervals in accordance with 4 CSR 240-20.093(10)..."¹ This tracks the language of Commission Rule 4 CSR 240-20.093(10) as authorized under § 393.1075.3 and § 393.1075.11 RSMo Supp. 2013.

2. The Staff's prudence review also complies with the *Unanimous Stipulation And Agreement Resolving Ameren Missouri's MEEIA Filing* approved by the Commission in File No. EO-2012-0142, which states in part

¹ Union Electric Company, MO.P.S.C Schedule No. 6, Original Sheet No. 90.4, "Rider EEIC, Energy Efficiency Investment Charge (Cont'd.), For MEEIA Cycle 1 Plan, Prudence Reviews."

(paragraph) “22. Prudence Review. A prudence review in accordance with 4 CSR 240-20.093(10) shall be conducted...”²

3. Rule 4 CSR 240-20.093(10), in part, requires: “The Staff shall file notice within ten (10) days of starting its prudence audit.” It also establishes a schedule by which certain events are to take place based on the date the Staff starts its prudence audit. The Staff filed its *Notice of Start of Second MEEIA Prudence Audit* on July 25, 2016. On August 16, 2016, the Commission issued its *Order Directing Notice of Application, Establishing Intervention Filing Date* (“Order”). The Order set the following dates:

September 12, 2016	Intervention Deadline
December 22, 2016	Due date for Staff’s Report of Prudence Audit
January 1, 2016	Deadline for Requesting a Hearing

4. Staff initiated its second prudence audit of the costs associated with Ameren’s Demand-Side Programs Investment Mechanisms (“DSIM”) on July 25, 2016. On September 7, 2016, the Commission granted intervention to the Missouri Department of Economic Development - Division of Energy. On September 26, 2016, the Commission granted intervention to the Missouri Industrial Energy Consumers (“MIEC”).

² “The stipulation and agreement ...approve[s] Ameren Missouri’s three-year demand-side program plan. That plan consists of the eleven demand-side programs described in Ameren Missouri’s January 20, 2012 MEEIA Report; the demand-side programs investment mechanism (DSIM) described in the MEEIA Report, as modified by the stipulation and agreement; and a Technical Resource Manual (TRM) proposed by Ameren Missouri.” p. 3, *Order Approving Unanimous Stipulation And Agreement Resolving Ameren Missouri’s MEEIA Filing And Approving Stipulation And Agreement Between Ameren Missouri And Laclede Gas Company*, effective August 11, 2012.

RESULTS OF PRUDENCE REVIEW AND PROPOSED ADJUSTMENTS

5. In accordance with 4 CSR 240-20.093(10), Staff files its Report and Proposed Adjustments regarding the results of its examination and analyses in this case. The Staff's Energy Resources Department was responsible for conducting the prudence review and developing the recommendation for proposed adjustments. Staff's Report is attached as Appendix A, in both Highly Confidential "HC" and public formats.

6. Staff reviewed and examined a variety of items including Ameren's DSIM program costs, the Company TD-NSB Share³ and interest associated with the *2013-2015 Energy Efficiency Plan*. As a result of the review performed for the period of July 1, 2014 through December 31, 2015 and for carry-over period of January 1, 2016 through October 31, 2016, the Staff identified a total disallowance amount of \$92,456 plus interest from November 1, 2016 through the date of Ameren's next EEIR filing.

7. Staff's proposed disallowance of \$92,456 is made up of the following adjustments:

- Disallowance of \$125,396 plus interest of \$249 through October 31, 2016, for non-MEEIA costs associated with Ameren's sponsorship of the St. Louis Cardinals baseball team and charged to Ameren's customers through its Rider EEIC. If this disallowance is ordered by the Commission, the

³ "TD-NSB" is Ameren Missouri's "throughput disincentive-net shared benefits" and represents the 2013 present values of the lifetime avoided costs (i.e., avoided energy, capacity, transmission and distribution, and probable environmental compliance costs for the 2013-2015 Energy Efficiency Plan using the deemed values in the Technical Resource Manual ("TRM"), less the 2013 present value of program costs as further described in paragraphs 5.b.i. and 6.b. of the *Unanimous Stipulation And Agreement Resolving Ameren Missouri's MEEIA Filing*.

Commission must also increase Ameren's TD-NSB amount by \$28,933 and increase its Cycle 1 Performance Incentive amount by \$6,799;

- Disallowance of \$906 plus interest of \$1 through October 31, 2016, for non-MEEIA costs associated with an employee recognition luncheon billed to Ameren's customers through its Rider EEIC. If this disallowance is ordered by the Commission, the Commission must also increase Ameren's TD-NSB amount by \$195 and increase its Cycle 1 Performance Incentive amount by \$46;
- Recognition of \$37,134 of carry-over program costs not included in the calculation of the Cycle 1 Performance Incentive approved by the Commission in EO-2012-0142.⁴ Recognition of these carry-over program costs decreases the amount of Cycle 1 Performance Incentive by \$1,878.

The above described adjustments make up the total proposed \$92,456 disallowance that Staff recommends as an Ordered Adjustment to Ameren's EEIR. Please see below Table 1 from page 3 of Staff's Report, column "*Recommended Disallowance through October 2016*" [(\$89,912) + (\$666) + (\$1,878) = (\$92,456)].

WHEREFORE, pursuant to the Commission's Order, the Staff prays the Commission accept its Report of Second MEEIA Prudence Review and Proposed Adjustments and issue an order directing Ameren Missouri to make a total Ordered Adjustment in the amount of \$92,456 plus interest from November 1, 2016 through the date of Ameren's next EEIR filing to be returned to Ameren's customers in

⁴ See November 2, 2016 Order Approving Stipulation And Agreement Regarding Performance Incentive Award (EFIS Item # 359) in Case EO-2012-0142.

accordance with the supporting adjustments as provided in Table 1 of Staff's Report shown below:

TABLE 1
Staff's Proposed Adjustments Through October 31, 2016

	Cardinal Sponsorship	Employee Recognition Luncheon	Cycle 1 Performance Incentive
Cost	\$ (125,396)	\$ (906)	\$ 37,134
Period of Cost	Sept, Nov 2015 & Feb 2016	January 2016	July - October 2016
Interest Through October 2016	\$ (249)	\$ (1)	\$ (11)
Cost Impact Through October 2016	\$ (125,645)	\$ (907)	\$ 37,123
Cost Impact Discounted to 2013 \$ (1)	\$ (109,846)	\$ (742)	\$ 30,346
TD-NSB Impact @ 26.34%	\$ 28,933	\$ 195	n/a
Performance Incentive Impact @ 6.19%	\$ 6,799	\$ 46	\$ (1,878)
Recommended Disallowance through October 2016	\$ (89,912)	\$ (666)	\$ (1,878)

(1) Only used to calculate the TD-NSB impact and/or the Performance Incentive impact.

(2) Only amounts in red are added together to calculate the recommended disallowance.

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin
Deputy Staff Counsel
Missouri Bar No. 51709

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-7779 (Telephone)
(573) 751-9285 (Fax)
bob.berlin@psc.mo.gov (e-mail)

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 22nd day of December, 2016.

/s/ Robert S. Berlin