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Case No.: ER-2011-0028
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2011-0028

REBUTTAL TESTIMONY

OF

DANIEL G. LAURENT

ON

BEHALF OF

**UNION ELECTRIC COMPANY
d/b/a Ameren Missouri**

St. Louis, Missouri
March, 2011

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Date 5/5/11 Reporter pls
File No. ER-2011-0028

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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **DANIEL G. LAURENT**

4
5 **CASE NO. ER-2011-0028**

6
7 **I. INTRODUCTION**

8 **Q. Please state your name and business address.**

9 A. My name is Daniel G. Laurent, and my business address is One Ameren
10 Plaza, 1901 Chouteau Avenue, St. Louis, Missouri.

11 **Q. By whom and in what capacity are you employed?**

12 A. I am Manager, Energy Efficiency and Demand Response for Union
13 Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company").

14 **Q. Please describe your educational background and employment**
15 **experience.**

16 A. I joined Central Illinois Public Service Company ("CIPS") as
17 Meter/Distribution Engineer in June of 1988 and held several positions in engineering,
18 customer service and marketing before being promoted to the Marketing Manager prior
19 to the merger of CIPS and Union Electric Company in 1998. After the merger, I was
20 named Manager, Pricing and Contract Administration for Ameren Services. After
21 holding Manager positions in Marketing, Business Development and Regulatory
22 Compliance, I was promoted to my current position within Ameren Missouri. I have a
23 Bachelor of Science Degree in Electrical Engineering from the University of Illinois and
24 a Master of Business Administration from Webster University.

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II. PURPOSE AND SUMMARY OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. Ameren Missouri recognizes the benefits of utility-sponsored energy efficiency programs and has successfully developed and implemented cost-effective programs for the benefit of our residential and non-residential customers.

The purpose of my testimony is to respond to direct testimony submitted by other parties in this case as it relates to energy efficiency. I will specifically respond to testimony regarding:

(1) Success of the Ameren Missouri's energy efficiency programs;

(2) Recovery of the Residential Lighting and Appliance energy efficiency program costs; and

(3) Low Income Weatherization Funds.

Q. Which testimony and parties are you referring to in your prior answer?

A. I am referring to the portions of the Staff Report Revenue Requirement Cost of Service ("Staff Report") contributed by Staff witnesses John A. Rogers and Henry E. Warren. I am also referring to the direct testimony submitted in this case from Missouri Department of Natural Resources Division of Energy ("DNR") witness Laura Wolfe.

Q. Did the Office of Public Counsel ("OPC") submit direct testimony on energy efficiency?

A. No, to date, they have not.

1 **III. SUCCESS OF AMEREN MISSOURI'S ENERGY**
2 **EFFICIENCY PROGRAMS**
3

4 **Q. Ms. Wolfe characterized program savings as declining from 2009 to**
5 **2010 as reflected in her Schedule LAW-Direct-3. Do you agree with this**
6 **assessment?**

7 A. No, there was a misunderstanding about the data which Ms. Wolfe used to
8 create Schedule LAW-Direct-3. The numbers shown are correct, however they are
9 program year values, not calendar year values. The correct estimated data through
10 February 2011 is shown in Schedule DGL-ER1. As of February 28, 2011, the Company
11 achieved 61% of the three-year MWh goal for the residential portfolio, and spent 50% of
12 the three-year projected budget. For the business portfolio, the Company achieved 53%
13 of the three-year MWh goal and spent 39% of the three-year projected budget. Ameren
14 Missouri is on track to achieve the 2008 Integrated Resource Plan ("IRP") energy
15 efficiency MWh goals by the end of 2011 within the three-year IRP projected budget.

16 **Q. In the Staff Report, Mr. Rogers states that Ameren Missouri has not**
17 **implemented all of the programs planned in the 2008 IRP. How do you respond to**
18 **that?**

19 A. While Mr. Rogers is technically correct, the Commission should not be
20 concerned by this fact. The Integrated Resource Plan outlines a cost effective strategy to
21 implement energy efficiency programs at a particular point in time. By the time the IRP
22 planning process has been initiated and completed, energy efficiency program
23 implementers have been hired, and the utility begins to implement programs, more than
24 two years may have passed since the initial energy efficiency program plan was
25 developed for the IRP. In addition, the program implementers and evaluators often

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1 provide valuable input to the portfolio and program design due to their experience in
2 implementing programs. Review of evaluation reports and assessment of current market
3 conditions also contribute to dynamic program designs.

4 The time lag between the initial program design and ultimate implementation can
5 often lead to constructive changes to initial program plans. As Ms. Wolfe acknowledged
6 in her direct testimony, “The IRP is based on what is known at the time of the study. It is
7 not uncommon, however, in the course of designing, implementing and administering
8 DSM programs that a utility learns of other DSM opportunities that may not have been
9 considered before.”¹

10 Ms. Wolfe also notes that “Ameren Missouri has also shown a willingness to seek
11 out alternative program designs and target customers in order to achieve success.”² This
12 has been demonstrated by Ameren Missouri’s successful implementation of the
13 Appliance Recycling, Multi-Family Income Qualified and Social Marketing Distribution
14 programs which were not included in the 2008 IRP.

15 Ameren Missouri is committed to implementing cost-effective programs that
16 achieve the MWh savings within the projected budget outlined in the 2008 IRP, not to
17 implement the exact programs originally outlined in the IRP. The program design should
18 be dynamic, not static, and keep current with changing market conditions.

¹ Direct testimony of Laura Wolfe, p. 8, l. 5-8.

² Id., p. 18-19.

1 **IV. RECOVERY OF LIGHTING AND APPLIANCE PROGRAM**
2 **COSTS**

3
4 **Q. Do you agree with Mr. Rogers that the costs of the Lighting and**
5 **Appliance Program should be deferred until after an evaluation has been**
6 **completed?**

7 A. No. The costs of the Lighting and Appliance program incurred to date
8 should be included in rates. Delaying the recovery of these costs further increases
9 regulatory lag and provides a strong disincentive for Ameren Missouri, or any utility, to
10 pursue energy efficiency programs. Staff's position on this issue is tantamount to
11 assuming imprudence of utility energy efficiency program investments until proven
12 otherwise.

13 Ameren Missouri tracks program progress through detailed reporting received on
14 a monthly basis from Applied Proactive Technologies ("APT"), the Lighting and
15 Appliance program implementer. In addition to the monthly report, Ameren Missouri
16 holds weekly meetings with APT program and implementation staff to discuss program
17 status and opportunities.

18 Data from the tracking system is used to calculate the estimated monthly energy
19 savings which is reported and discussed at our quarterly Regulatory Stakeholder
20 Meetings, with the Staff, DNR, OPC and other stakeholders, in the format shown in
21 Schedule DGL-ER1.

22 **Q. Has the Lighting and Appliance Program been successful?**

23 A. Yes. The reports we've provided to the stakeholder group to date indicate
24 the Lighting and Appliance Program is on target to exceed the program goals outlined in
25 the 2008 IRP.

1 **Q. Do you agree with Staff's assertion that the Lighting and Appliance**
2 **program benefits are very difficult to measure?**

3 A. No, the Company does not share their concern. The Company hired an
4 independent, third party contractor, The Cadmus Group ("Cadmus"), to evaluate our
5 portfolio of residential energy efficiency programs. Cadmus has national experience
6 evaluating similar programs and has developed a robust approach that is being utilized by
7 several utilities in numerous states throughout the country. Cadmus has expressed no
8 concerns pertaining to the accurate evaluation of the Lighting and Appliance program and
9 has explained their evaluation approach to the regulatory stakeholders on multiple
10 occasions.

11 It is useful to remember the purpose of evaluation. Evaluation will verify that the
12 program savings are what was expected, or make adjustments, up or down, as necessary.
13 Evaluation doesn't eliminate the need for deemed savings values or engineering estimates
14 for program tracking prior to evaluation. These estimates are valid methods to report
15 program progress, and evaluation is used to provide a true-up at the end of a program
16 cycle. Evaluation is also used to recommend process improvements.

17 Ameren Missouri initiated a "best practice" energy efficiency program evaluation
18 process. Evaluators were hired early in the program implementation cycle and were
19 asked to review and comment on estimated savings values, review databases to determine
20 if the necessary data was being tracked, perform site visits throughout the program year,
21 and suggest program improvements whenever concerns arise. Ameren Missouri conducts
22 weekly calls with the evaluators to discuss program and evaluation progress. Instead of
23 the historical model where an evaluator reviews a program after the three-year program

1 cycle has been completed, Ameren Missouri's evaluation contractors have been
2 providing continuous evaluation services. As a result, the Company would not expect
3 any major surprises upon completion of the annual evaluation report as we would have
4 already been apprised of any concerns that evaluators might have with a particular
5 program.

6 **Q. Has Ameren Missouri received the Program Year 2 Lighting and**
7 **Appliance program evaluation results?**

8 A. Yes. Ameren Missouri has received the evaluation report completed by
9 Cadmus and has provided this report to the regulatory stakeholders.

10 The program's evaluated results exceeded its goals for energy savings. The
11 results of an hours of use study in the Company's territory indicate customers use
12 compact fluorescent lights ("CFLs") an average of 2.91 hours per day, considerably
13 higher than the conservative estimate of 2.34 hours used by APT to estimate energy
14 savings. The Net-to-Gross Ratio of the lighting portion of the program is 96%, much
15 higher than the conservative 80% that was used to estimate savings.

16 According to the evaluation, retailers reported the program has been successful in
17 increasing the supply of energy efficient CFLs and appliances in the market and most
18 retailers report significant increases in their sales due to the program.

19 The Company recalculated the Lighting and Appliance program Total Resource
20 Cost ("TRC") test based upon the Cadmus evaluation results and found the revised
21 program TRC to be 2.63. Programs passing the TRC test (that is, having a benefit to cost
22 ratio greater than 1.0) result in a decrease in the total cost of energy services to all electric
23 ratepayers.

1 Based on the evaluation results, the Lighting and Appliance Program has proved
2 to be very successful, is cost effective and is appreciated by and beneficial to Ameren
3 Missouri's customers. The costs of the Lighting and Appliance program incurred to date
4 should be included in rates.

5 **V. LOW INCOME WEATHERIZATION**

6 **Q. Do you agree with Ms. Wolfe and Mr. Warren that funding of Low**
7 **Income Weatherization should continue at a level of \$1.2 million per year?**

8 A. Yes. However, Ameren Missouri believes the program should have more
9 transparent reporting and that the program should be evaluated similar to other energy
10 efficiency programs funded by customers.

11 Ameren Missouri recommends that the DNR provide quarterly reporting at the
12 regulatory stakeholder update meetings to show the estimated electric energy savings at
13 customer homes and the associated costs resulting from this program. Ameren Missouri
14 recommends that a portion of the funds be spent on an independent third party evaluation
15 of the program as the last evaluation included the period 4/1/06 through 10/31/08. The
16 \$1.2 million per year should not be spent on gas measures or on Missouri residents that
17 are not Ameren Missouri electric customers.

18 **VI. SUMMARY OF TESTIMONY AND CONCLUSIONS**

19 **Q. Please summarize your testimony and conclusions.**

20 A. As I have stated above, Ameren Missouri recognizes the benefits of
21 utility-sponsored energy efficiency programs and has developed and implemented cost-
22 effective programs for the benefit of our customers. Ameren Missouri is currently
23 running successful residential and non-residential energy efficiency programs, including

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1 the Residential Lighting and Appliance Program, and the costs of all of the programs
2 should be included in rates. Ameren Missouri is on track to meet the energy efficiency
3 savings goals within the projected budget as established in the 2008 IRP.

4 Ameren Missouri supports the funding of the Low Income Weatherization
5 Program through the Department of Natural Resources, but feels that program should be
6 subject to the same level of transparent reporting and evaluation as other programs
7 funded by customers.

8 **Q. Does this conclude your rebuttal testimony?**

9 A. Yes, it does.

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

In the Matter of Union Electric Company)
d/b/a AmerenUE for Authority to File)
Tariffs Increasing Rates for Electric) Case No. ER-2011-0028
Service Provided to Customers in the)
Company's Missouri Service Area.)

AFFIDAVIT OF DANIEL G. LAURENT

STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

Daniel G. Laurent, being first duly sworn on his oath, states:

1. My name is Daniel G. Laurent. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri as Manager, Energy Efficiency and Demand Response.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Ameren Missouri consisting of 9 pages, and Schedule DGL-ER1, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

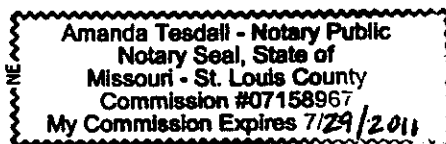
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.


Daniel G. Laurent

Subscribed and sworn to before me this 25 day of March, 2011.


Amanda Tesdall
Notary Public

My commission expires:



Ameren Missouri Demand-Side Resources Performance Summary Report

Date of Report: February 28, 2011

Year 1 Cum: 11/30/09 to Sep 30, 2009 (Budget); Year 2 Cum: 10/01/09 to Sep 30, 2010 (Actual); Year 3 Cum: 10/01/10 to Sep 30, 2011 (Actual); Year 4 Cum: 10/01/10 to Sep 30, 2011 (Budget)

Table with columns: Implementation Date, Expected/Actual, Cumulative MWh (Year 1-3), Cumulative MW (Year 1-3), Cumulative Program Costs (\$000) (Year 1-3), and Cost Effectiveness (TBC, UCT). Rows include Energy STAR Homes Program, Home Energy Performance, Rec. DR - CIPP of Smart Thermostat, Rec. DR - Demand Load Control, HVAC Checkable, Rec. Lighting & Appliances, Social Marketing/Distribution, Rec. Low Income, Rec. Multi-Family, Appliances Recycling, Total Residential Portfolio, CEM Custom, CEM Prescriptions, CEM Rate-Contributing, Commercial Thermostat Control, Commercial DR - CIPP of Smart Therms, Commercial New Construction, Industrial/Manufacturing TIER, and Total CEM Portfolio.

Schedule DGL-ER1

Education Program	MP Actual								\$ 500	\$ 1,200	\$ 1,100
	Variance								\$ (400)	\$ (720)	\$ (2,100)
Information Program	MP Actual								\$ 500	\$ 1,200	\$ 1,100
	Variance								\$ (400)	\$ (720)	\$ (2,100)
Total Education and Information Programs	MP Actual								\$ 1,000	\$ 2,400	\$ 2,200
	Variance								\$ (400)	\$ (720)	\$ (2,100)
Total Parishes (without indirect costs)	MP Actual	123,838	386,138	426,435	108	131	187	187	\$ 35,821	\$ 17,148	\$ 86,814
	Variance	\$ 18,278	\$ 183,771	\$ 342,884	11	28	38	38	\$ 18,884	\$ 21,871	\$ 42,185
		(104,330)	(108,414)	(108,331)	(85)	(482)	(122)	(122)	\$ (13,877)	\$ (23,682)	\$ (60,126)
Parishes Administration - Contributor	MP Actual								\$ -	\$ -	\$ -
	Variance								\$ -	\$ -	\$ -
Parishes Administration - American Missions	MP Actual								\$ 1,100	\$ 2,500	\$ 2,200
	Variance								\$ 794	\$ 1,711	\$ 2,645
									\$ (844)	\$ (783)	\$ (2,104)
BLESF - Contributor	MP Actual								\$ 1,100	\$ 2,500	\$ 2,200
	Variance								\$ (844)	\$ (783)	\$ (2,104)
Total Parishes Indirect Costs	MP Actual								\$ 2,200	\$ 5,000	\$ 4,400
	Variance								\$ (1,400)	\$ (3,400)	\$ (3,911)
									\$ (1,100)	\$ (2,722)	\$ (2,400)
Total American Missions DGM Parishes	MP Actual	123,838	386,138	426,435	108	131	187	187	\$ 35,821	\$ 17,148	\$ 86,814
	Variance	\$ 18,278	\$ 183,771	\$ 342,884	11	28	38	38	\$ 18,884	\$ 21,871	\$ 42,185
		(104,330)	(108,414)	(108,331)	(85)	(482)	(122)	(122)	\$ (13,877)	\$ (23,682)	\$ (60,126)