MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

WILLIAM R. DAVIS

November 21, 2017
St. Louis, Missouri
Q. Please state your name and business address.
A. My name is William (Bill) R. Davis. My business address is One Ameren Plaza, 1901 Chouteau Ave., St. Louis, Missouri.

Q. By whom and in what capacity are you employed?
A. I am Director, Energy Efficiency and Renewables Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or “Company”).

Q. What is the purpose of your testimony?
A. My testimony supports revisions to Rider EEIC – Energy Efficiency Investment Charge of Ameren Missouri’s Schedule No. 6 – Schedule of Rates for Electric Service, 3rd Revised Sheet No. 91.11, which is being filed by Ameren Missouri to adjust customer rates to reflect the costs of the Company’s recently approved energy efficiency programs. The tariff sheet is also attached to this testimony as Schedule WRD-1.

Q. Please explain why Ameren Missouri is filing a revision to its Energy Efficiency Investment Charge Rider ("Rider EEIC") at this time.
A. The terms of Rider EEIC require a filing at least once per calendar year to be effective with the subsequent calendar year’s February billing month. The Missouri Public Service Commission’s (“Commission”) rules also require this filing to be made at least sixty (60) days in advance of when rates would become effective.
Q. Please describe the impact of the change in the Energy Efficiency Investment Rate (“EEIR”) on the Company’s customers.

A. Overall, this Rider EEIC filing seeks an increase of $31.4 million over the current level of such costs reflected in the Company’s rates. As provided for by the terms of Rider EEIC, this increase consists of forecasted costs for February 2018 through January 2019, as well as a reconciliation of historical costs, as depicted in the table below.

<table>
<thead>
<tr>
<th>Service Class</th>
<th>Reconciled Costs*</th>
<th>Forecasted Costs†</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1(M)-Residential Service</td>
<td>($1,913,473)</td>
<td>$46,660,665</td>
<td>$44,747,192</td>
</tr>
<tr>
<td>2(M)-Small General Service</td>
<td>$998,885</td>
<td>$13,969,986</td>
<td>$14,968,871</td>
</tr>
<tr>
<td>3(M)-Large General Service</td>
<td>$1,346,946</td>
<td>$33,136,534</td>
<td>$34,483,480</td>
</tr>
<tr>
<td>4(M)-Small Primary Service</td>
<td>$808,074</td>
<td>$14,834,427</td>
<td>$15,642,500</td>
</tr>
<tr>
<td>11(M)-Large Primary Service</td>
<td>$80,854</td>
<td>$6,600,549</td>
<td>$6,681,403</td>
</tr>
</tbody>
</table>

*Total Reconciled Costs = Program Cost Reconciliation + Throughput Disincentive Reconciliation + Net Ordered Adjustment as defined in Rider EEIC.
†Forecasted Costs = Projected Program Costs + Projected Throughput Disincentive + Performance Incentive Award as defined in Rider EEIC.

Allocating the Rider EEIC revenue requirement ($116.5 million) to the respective rate classes and using the forecasted kilowatt-hour (“kWh”) sales for February 2018 through January 2019 results in the following EEIR amounts for the Company’s customers for the remainder of the Effective Period, beginning with the February 2018 billing month:

<table>
<thead>
<tr>
<th>Service Class</th>
<th>MEEIA 1 Subtotal ($/kWh)</th>
<th>MEEIA 2 Subtotal ($/kWh)</th>
<th>Total EEIR ($/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1(M)-Residential Service</td>
<td>$0.000666</td>
<td>$0.003019</td>
<td>$0.003685</td>
</tr>
<tr>
<td>2(M)-Small General Service</td>
<td>$0.000253</td>
<td>$0.004246</td>
<td>$0.004499</td>
</tr>
<tr>
<td>3(M)-Large General Service</td>
<td>$0.000455</td>
<td>$0.004031</td>
<td>$0.004486</td>
</tr>
<tr>
<td>4(M)-Small Primary Service</td>
<td>$0.000453</td>
<td>$0.004291</td>
<td>$0.004744</td>
</tr>
<tr>
<td>11(M)-Large Primary Service</td>
<td>$0.000644</td>
<td>$0.003274</td>
<td>$0.003918</td>
</tr>
</tbody>
</table>
Filed concurrently with my direct testimony is the tariff sheet that contains the EEIR, along with the relevant subcomponents. The new EEIR will result in charges of approximately $3.74 per month for an average residential customer, which is a decrease from $3.95 per month (a decrease of $0.21 per month).

Q. **What are the main drivers for the change in the EEIR?**

A. There are three primary drivers to the change in the EEIR. First, is an overall increase in projected energy efficiency program costs, primarily in the business programs, as compared to the period covered by the current EEIR. Second, is an increase in projected throughput disincentive plus the completion of the large throughput disincentive under-collection recovery due to the large spike in program participation in the fourth quarter of 2015. Third, is the inclusion of $13.6 million of performance incentive earned by the Company for its 2013-2015 energy efficiency programs, as authorized by the Commission's order approving the *Revised Non-Unanimous Stipulation and Agreement Addressing Ameren Missouri's Performance Award* in File No. EO-2012-0142.

Q. **Are there any Ordered Adjustments included in this EEIR revision?**

A. There are two Ordered Adjustments (OA) included in this rate filing. The first OA is from the *Stipulation and Agreement Regarding Adjustments to Ameren Missouri's EEIR* in File No. EO-2017-0023 (MEEIA 1 Prudence Review) in the amount of $60,000. The second OA resulted from the *Non-Unanimous Stipulation and Agreement Settling Final EM&V for the 2016 MEEIA Cycle 2 Program Year* in File No. EO-2015-0055 for the Home Energy Report throughput disincentive calculated to the amount of $890,587.28.

Q. **What action is Ameren Missouri requesting from the Commission with respect to the revised Rider EEIC rate schedule?**
A. The Company requests approval of the revised Rider EEIC rate schedule to become effective on the first day of the February, 2018 billing month, which is January 25, 2018.

Q. Are there other filing requirements which need to be provided?

A. The rules require that Ameren Missouri provide the Annual Report required by CSR 240-93(8). That report was filed on March 31, 2017, in File No. EO-2017-0258. There is a 60-day comment period following that report's submission, and no party filed comments. In addition, I have attached documentation supporting the revised EEIR as Schedules WRD-2, WRD-3, WRD-4, WRD-5, WRD-6, WRD-7, and WRD-8.

Q. Does this conclude your direct testimony?

A. Yes, it does.
BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri’s Proposed Revision to Rider EEIC

File No. ER-2018-

AFFIDAVIT OF WILLIAM R. DAVIS

STATE OF MISSOURI )
CITY OF ST. LOUIS ) ss

William R. Davis, being first duly sworn on his oath, states:

1. My name is William R. Davis. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri as Director, Energy Efficiency and Renewables.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of 4 pages and Schedule(s) WRD-1 through WRD-8, 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.

William R. Davis

Subscribed and sworn to before me this 21st day of November, 2017.

Notary Public