BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

TRANSCRIPT OF PROCEEDINGS

EVIDENTIARY HEARING

In the Matter of Union)
Electric Company d/b/a Ameren)
Missouri's 4th Filing to)
Implement Regulatory Changes) File No. EO-2023-0136
in Furtherance of Energy)
Efficiency as Allowed by)
MEEIA)

TUESDAY, JULY 23, 2024

1:00 P.M.

Governor Office Building
200 Madison Street
Jefferson City, Missouri 65101

VOLUME 4

NANCY DIPPELL, Presiding
DEPUTY CHIEF REGULATORY LAW JUDGE

KAYLA HAHN, Chair
MAIDA J. COLEMAN,
JASON R. HOLSMAN,
GLEN KOLKMEYER,
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Proceedings began at 1:00 p.m.:

JUDGE DIPPELL: Let's go ahead then and go on the record. Okay. Good afternoon. This is the continuation of Case EO-2023-0136. I am Nancy Dippell, and I am the regulatory law judge who's going to be presiding this afternoon. Judge Pridgin will be back tomorrow.

And it's my understanding that you got through the issues yesterday that you had intended and today, even though we're getting kind of a late start because of other conflicts, we're going to begin with issues -- the IRA and market dynamics. If at any point I get things mixed up or incorrect, feel free to correct me. Otherwise, I would ask anyone online to be sure that you're muted unless you need to talk. And I would ask anybody in the room to be sure and mute your mobile devices and computers and so forth and so on. And last reminder, if you need to speak, be sure that you are speaking into a microphone and have identified yourself for the court reporter or are known to the court reporter. And that will make the transcript go a lot smoother.

I am joined currently by Commissioner Mitchell and Commissioner Holsman is online, and I'm expecting the other commissioners to join us as the day progresses.

So you all are doing mini opening statements as I'm informed, so we can -- unless there's any preliminaries, we can begin with that.

MS. HERNANDEZ: Yes, Judge Dippell. This is Jennifer Hernandez for Ameren Missouri. We do have a couple of preliminary matters we'd like to bring up with the Commission. Well, and I'll bring up this. It somewhat feels preemptive, but because of the way that we're going through and doing witness questions before we admit the testimony, it seems like I need to bring up things related to the testimony before we get to the witness testifying today.

JUDGE DIPPELL: Okay.

MS. HERNANDEZ: So just prefacing what I'm going to say based on that. We'd like to renew our motion to strike that we filed May 16th just in regards to the portions of the rebuttal testimony of Mark Kiesling. And that is based on the fact that portions of his testimony are based on hearsay. Now, we do realize that the Commission issued an order regarding the motion to strike, but we would just like to bring to the Commission's attention on page 2 of its order it states, In addition, the technical rules of evidence such as excluding hearsay do not apply at the Commission.

And Ameren Missouri believes that's not true. There are several Missouri statutes that provide, like Section 386.410 does, that the technical rules of evidence do not apply before an administrative body covered by the statute. But the question is what is a technical rule of evidence. And the prohibition against the admission of hearsay is clearly not a technical rule of evidence, but a fundamental one.

And if I can provide some case law, in State, ex rel. Simmons, the Missouri Court of Appeals in addressing the Relator's contention that the tribunal's adverse decision below -- or discussed was based upon hearsay evidence, they stated, Interwoven with the basic point raised is the contention that the Commission's decision was based upon hearsay evidence, conclusions of witnesses, and inflammatory matter. We recognize that in dealing with hearings before an administrative official or tribunal, our courts have declared and ruled that technical rules of evidence do not control. While leading questions and other informalities may be permitted, it does not follow that the fundamental rules of evidence can be abrogated or nullified. Thus, hearsay evidence and conclusions based upon hearsay do not satisfy the competent and substantial evidence upon the whole record requirement essential to the validity of a final decision.

And there's other cases such as Speer versus City of Joplin that also discuss these principles. Although technical rules of evidence are not controlling in administrative hearings, fundamental rules of evidence apply.

And the Commission has relied upon Simmons and Speer in the past. I'll just cite some of the cases. Application of Russell, that was a 1981 case; Shepherd versus KCPL -- KCPL -- and L, sorry, GMO, and that was a 2011 case. McFarland versus KCP&L GMO, that was a 2013 case. Lee versus Missouri American Water, that was 2009 case. And Staff versus Heartland Health Systems Inc., that was -- appears to be a 2004 case.

So again, we do believe that hearsay should be stricken and not relied on by the Commission in that it is not a technical rule of evidence, but a fundamental rule of evidence.

JUDGE DIPPELL: Are there any responses? Staff?

MR. PRINGLE: Yes, Judge, briefly from Staff. Looking at the Commission's order regarding that May 16th motion to strike based on hearsay, the quote from the judge about the tenet rule of evidence applying, that is just a portion. A -- probably a very relevant portion of the order states, quote, Further, the Commission agreed with Staff that getting information from the utility customers is an important part of its regulatory functions. Ameren Missouri has information about the customer Mr. Kiesling refers to in his rebuttal, and Ameren Missouri may respond in surrebuttal if it wishes, end quote.

This hearsay is again, this has to do with a customer of Ameren Missouri who came to Staff. And the Commission has already ruled that that information is a key part of the regulatory function.

JUDGE DIPPELL: Are there any other responses?

MS. HERNANDEZ: I would think, your Honor, that there are ways to get customer information into the record other than just including it in a testimony, not allowing the other parties an opportunity to cross-examine that witness. There's the subpoena power. If there is something relevant that the Staff would like to put on, they can always subpoena a witness that's not included in the list of witnesses to testify at the hearing. And I still think it goes back to what are the fundamental rules of evidence.

JUDGE DIPPELL: Okay. Your motion is renewed and overruled. And the -- we'll go forward with the testimony.

MS. HERNANDEZ: Sorry. Your Honor, I do have one other motion to put before the Commission and that is a motion to strike the corrected testimony of Mark Kiesling. And that was filed Friday, this past Friday at 5:34 p.m., the last business day before this hearing was to begin. And it purports to be corrected testimony of Mark Kiesling, but if you look at what they're trying to allegedly correct, it's not a year correction or, you know, a change of date or, I said calculated and it should be calculates. It's doing a 180 change in position in what they had filed in testimony.

And that puts Ameren Missouri at a disadvantage because we have not been allowed to respond to that change of position in our own testimony. And so we would ask the Commission to strike that -- I don't like to say the word "corrected testimony" because I think it's not corrected testimony; I think it's a change in testimony. But the document itself is called notice of corrected testimony. So I'd ask the Commission to strike what's in that notice of corrected testimony.

And if the Commission declines that, we would ask that Ameren Missouri be allowed the opportunity to provide live evidence at the hearing based on what this corrected testimony is about. I think our witness would be -- would testify with the issues that are to come on Friday.

JUDGE DIPPELL: And that was going to be my question. Is this in regards to testimony today, or is this for a later issue?

MS. HERNANDEZ: Well, it is in regard to a witness that is appearing today; that's why I thought it was appropriate to bring it up before the witness took the stand for the first time. But I think if the Commission were to allow us to provide live testimony in response to again what, quotations, corrected testimony, I think it would come -- our witness would testify on Friday in the Programs portion.

JUDGE DIPPELL: But I guess that I'm still a little confused about the particular portions of the testimony that were corrected or changed. Is that dealing with today's issues?

MR. PRINGLE: If I may, Judge. I can --

JUDGE DIPPELL: Go ahead.

MR. PRINGLE: -- provide some guidance on that.

Yeah. The 11-step process at the center of the corrections, that would not be part of the issues for today with -- for the Inflation Reduction Act. I do agree with Ameren's counsel that it would be better addressed during the Programs section. The 11-step process is a process to change incentives from measures outside of a MEEIA application, so really it's a process that would be put into place if this application is approved.

JUDGE DIPPELL: All right. And does Staff have a response at this time to the objection?

MR. PRINGLE: Yes, Judge, yeah. This was a correction that was discovered prior to the deposition of Mark Kiesling. Staff did make the Company aware of the correction back sometime right before the deposition of Mr. Kiesling. If the Ameren -- Ameren's witness who responded to Mr. Kiesling in surrebuttal, Mr. Graser, if he would like to do live surrebuttal to correct his surrebuttal in response to these corrections, Staff would have no objection to that.

JUDGE DIPPELL: And, Ms. Hernandez, was the witness, the live testimony witness, was that --

MS. HERNANDEZ: I think it would be Timothy Via. Or Via. I'm sorry.

JUDGE DIPPELL: And Staff would object to Mr. Via?

MR. PRINGLE: If it's Mr. Via -- I was under the assumption it was Mr. Graser. But if it's Mr. Via, whichever Ameren witness needs to correct their surrebuttal to -- to respond to these corrections, Staff has no objection to that.

MS. HERNANDEZ: And it -- it wouldn't be correcting anything in our testimony. It would just be allowed to respond to Staff's new testimony.

JUDGE DIPPELL: I understand. I -- I hate to keep you hanging, but I'm reluctant to make a ruling on that objection at this time. So I'm going to hold -- hold ruling on that for now and either get you a ruling later today or Judge Pridgin will rule first thing in the morning.

MS. HERNANDEZ: Thank you, Judge.

MR. PRINGLE: And, Judge, also again Mr. Kiesling, he will be taking the stand for the last issue which is Programs on, scheduled currently for Friday, so yes, his -- his testimony, we won't be moving to enter any of it until Friday at the earliest.

JUDGE DIPPELL: Thank you. Are there any other preliminary matters? I appreciate you bringing those up, Ms. Hernandez. All right. Then I think we are ready to begin with opening statements for this issue. And I think we start with the Company.

MS. HERNANDEZ: Good afternoon. May it please the commission. Again, this is Jennifer Hernandez with Ameren Missouri. And we're starting off this afternoon with the issue does Ameren Missouri's MEEIA Cycle 4 amended application sufficiently address the interaction of the Inflation Reduction Act, IRA, as it's shortened and other market dynamics within -- with MEEIA.

Ameren Missouri completed a comprehensive demand-side management market -- market potential study in April of 2023. The study identified and developed two portfolios for inclusion and further analysis in the IRP. Those two portfolios, being the realistic achievable potential, RAP, and maximum achievable potential, MAP, portfolios. Total potential in each sector was developed after a careful assessment of baseline market conditions for residential and business customers across relevant dimensions of housing type and income level. This included an assessment of the penetration and saturation of the type and efficiency level of various end-use technologies already in use with an Ameren Missouri service testimony -- service territory, excuse me.

As a final check, the MAP and RAP results from the 2023 market potential study were benchmarked against a national U.S. Department of Energy database of 20-year potential studies and a peer benchmark against 10 comparable utility program -- programs. That analysis confirmed that the values in the portfolios are in line with industry expectations.

Ameren Missouri does not have its head in the sand. As the DSM landscape for utilities steadily evolves, there continue to be outside variables that impact the ability of energy efficiency opportunities for Ameren Missouri to pursue going forward. Ameren Missouri continues to stay abreast of local and national changes in building codes and appliance efficiency standards and designs its programs accordingly.

The DSM potential developed as part of

this analysis explicitly accounts for known changes to federal standards. Staff has repeatedly asked the Commission to look at the details in this case. And we agree, the Commission should look at the details. But we would say you need to look at the relevant details.

While this is an issue in the issue list, Ameren Missouri disagrees that this is an issue for resolution in this case. The MEEIA statute does not prevent a utility from providing MEEIA energy efficiency programs if and when -- and I think I need to emphasize that -- if and when other types of nonutility energy efficiency rebates, credits, or programs are being offered.

As Renew Missouri pointed out, the impact is a solvable issue to resolve when the IRA details are available and how the IRA might complement the plan can be determined. Ameren Missouri witness Timothy Via testimony, his testimony addresses how these programs can be successfully implemented and coexist, and I encourage you to ask him any questions you have today.

Additionally, there is uncertainty as to when the IRA dollars will be distributed to Missouri, how much will be available to Ameren Missouri customers, and when the IRA credits or rebates will be available from the Missouri Department of Energy during the MEEIA 4 Cycle, whether it starts early in the MEEIA 4 Cycle or will those dollars, if they are available, come towards the end of the cycle. I encourage you to ask Ameren witness Antonio Lozano questions on these issues.

And to the extent that there are any EM&V questions regarding attributes, please ask Neil Graser whether the EM -- EM&V process is flexible enough to address how the plan will be evaluated if funds are stacked and braided. Thank you.

JUDGE DIPPELL: Thank you. Are there any commissioner questions for Ms. Hernandez at this point? Don't see any. Thank you.

MS. HERNANDEZ: Thank you.

JUDGE DIPPELL: Staff, do you have an opening?

MR. PRINGLE: Yes, Judge, thank you. May it please the Commission. Good afternoon, Judge Dippell. Good afternoon, Commissioners. My name is Travis Pringle, and I represent the Staff of the Commission in these proceeding. The Inflation Reduction Act passed into law in 2022 offers numerous energy efficiency upgrades, including upgrades for

HVAC units, weatherization materials, and a number of other prescriptive energy efficiency measures. The similarity between programs offered through MEEIA and the IRA increases the potential for what is called free ridership.

The Missouri Division of Energy will handle the distribution of IRA funds and anticipates these funds will become available in 2025 to implement and launch programs. Without a detailed plan from Ameren Missouri to account for the IRA, problems will arise.

In terms of the IRA, Staff witness Mark Kiesling has put forward testimony outlining the free ridership problems that will arise if the IRA is not properly accounted for within Ameren's MEEIA portfolio. Free ridership is a problem when program participants that would have completed energy efficiency upgrade regardless of available incentives still get credit for those incentives. Mr. Kiesling provides an example of free ridership from an Ameren customer. The customer became aware of the $2,000 tax credit offered through the IRA to replace his heat pump. Ameren Missouri, through its MEEIA program, also offered a $500 rebate if this customer were to replace their existing heat pump. Though the $2,000 tax credit through the IRA was the motivating factor for this customer to upgrade their heat pump --

MS. HERNANDEZ: Your Honor, I hate to interrupt, but just for the record, he's going to include his hearsay that we're arguing, or information that we say is hearsay in his opening statement. Again, I apologize; I just think I need to, again, bring up that objection just to preserve the record.

JUDGE DIPPELL: And your objection --

MS. HERNANDEZ: And I apologize.

JUDGE DIPPELL: -- is noted and overruled.

Go ahead, Mr. Pringle.

MR. PRINGLE: Thank you, Judge. Though the $2,000 tax credit from the IRA was the motivate -- motivating factor for this customer to replace their heat unit, taking that $500 rebate through Ameren will allow Ameren to attribute all the savings from the replacement of this heat pump towards its MEEIA program, even though the IRA was the primary driver and the rebate from Ameren was just the cherry on top for this customer.

Now, to account for this interaction for this free ridership problem, Ameren Missouri witness

Neil Graser put forward that Ameren will account for it through the independent third-party evaluators they employ through the EM&V. Staff is not convinced this will be the accurate way to account for free ridership. In the past, evaluators typically follow up with surveys months after the incentives have been received.

Staff's own independent evaluator, Evergreen Economics, stated that this typical self-report approach through surveys should not be attempted for a net attribution analysis in this situation, agreeing with Staff that this method would not be effective given the likelihood that participants will be unable to determine the relative influence of each incentive months after the incentives have been received. Evergreen goes on to suggest that IRA projects be excluded entirely from Ameren Missouri's savings claims. However, if participants in both IRA and MEEIA programs are going to be included, Evergreen recommends a negotiated net-to-gross ratio that is very low, roughly 10 percent, to reflect the dominant influence provided by the superior IRA incentives.

Without a detailed plan to account for the accuracy of free ridership, including detailed calculations including the net-to-gross ratio calculations, ratepayers will take on evermore risk through an inflated net throughput disincentive and earnings opportunity that credits Ameren Missouri with all these savings, regardless of Ameren's actual role.

Now, Staff witness Sarah Lange and Dr. Hari Poudel can provide more information about the calculations of the net throughput disincentive and the earnings opportunity when those issues arise later in these proceedings, and I encourage you to ask them.

Now, you've also heard talk about blending. Renew Missouri included that in their opening statement yesterday. Blending would pretty much mix the IRA and the MEEIA incentives together. If the Commission were to approve such a request, there would be no way to account -- to account for the free ridership pro -- problem. Staff strongly disagrees with such an approach.

Now, today you'll have Staff witness Mark Kiesling taking the stand to answer any questions you have may have about Staff's concerns with the IRA. I implore you to ask him questions, take advantage of his expertise on this subject. And at this time I

can take any questions you may have.
JUDGE DIPPELL: Are there any commissioner questions for Mr. Pringle? All right. Thank you --
MR. PRINGLE: Thank you, Judge.
JUDGE DIPPELL: -- Mr. Pringle.
MR. PRINGLE: Thank you, Commissioners.
JUDGE DIPPELL: Is there an opening from Renew?
MR. LINHARES: Yes, very briefly, Judge. So, may it please the Commission. My name is Andrew Linhares. I spoke about this issue briefly yesterday, and again I want to express our support for Ameren -- Ameren Missouri's application here and their position on this issue.
As I stated yesterday, Renew Missouri encourages the stacking or braiding of utility and federal resources, particularly in the case of income-eligible programs as I believe that represents the first opportunity to meaningfully eliminate the upfront cost barrier for some customers who as of yet have not enjoyed participation in MEEIA. And as well I want to advocate for a flexible approach to the attribution issue in the case of dual incentives of this kind. This is clearly something contemplated by

the Department of Energy and by the other states who are a bit of ahead of Missouri in this process as the exhibits that I entered into the case yesterday I think will -- will show.

Now, we've heard from Staff witness Mark Kiesling and we've been discussing that here in the opening. And Mr. Kiesling's testimony includes an anecdote that represents kind of the prototypical case for free ridership, which is the subject of the hearsay objection here. But nevertheless, I want to take his anecdote seriously and admit that yes, that is the textbook case of free ridership.

And I want to challenge that there's another case here where the utility, through its contractors, through its -- sometimes it has a free home evaluation like in the case of the Pay as You Save program, the utility often connects customers to additional resources that are out there just by virtue of being the monopoly utility over the -- over the territory and customers who get connected to a utility program, they then learn of all these other resources that are out there. I believe there is a strong argument to be made that a lot of the resources from the federal government will not be getting to customers without the involvement of the utility just by their position in the market and their energy efficiency infrastructure.

So I -- I don't want to exhaustively go into that point, but I just encourage openness to that concept that they -- the prominence and the function of the utility in the marketplace plays a role such that you can argue that a measure would not take place but for the involvement of the utility. And that can even be true in the case where the utility incentive is a much smaller slice of the pie than say a federal incentive.

So with that, I'm happy to take questions. I will refer you to the rebuttal and surrebuttal testimony of Dave -- of Emily Piontek and the rebuttal and surrebuttal testimony of Dana Gray entered as exhibits in this case as well. And again, happy to entertain any questions here.

JUDGE DIPPELL: Thank you. Are there any commissioner questions? I don't see any. Thank you, Mr. Linhares. All right. Is there anyone here for NRDC?

MR. MORRISON: Judge, good afternoon. It's Bruce Morrison for NRDC. NRDC does not have an opening statement on this issue. And Sarah Rubenstein will be coming on the call probably within the next hour and I'll be dropping off, also for NRDC. So I may disappear on you, but NRDC will continue to be represented by Sarah Rubenstein.

JUDGE DIPPELL: All right. Thank you. Is there anyone from MECG? Consumers Council? Officer of the Public Counsel?

MS. VANGERPEN: Yes, Judge. Good afternoon, Commissioners, Judge Dippell. My name is Lindsay VanGerpen, and I'm here on behalf of the Office of the Public Counsel. May it please the Commission. The first issue that we are addressing today is the Inflation Reduction Act or the IRA and other market dynamics. This issue boils down to really two things: Alternatives and a changed market.

The IRA, as I am certain you are all well-aware, is a piece of federal legislation that is aimed at addressing several key issues including climate and energy. It addresses these issues by, in many instances, offering direct incentives and generous tax breaks to individuals in hopes that they will become more energy efficient. The IRA also requires participants to limit their administrative costs to 20 percent.

So what about other market dynamics.

These are things like codes and standards which force the adoption of energy -- of efficient equipment by eliminating the sale of inefficient equipment or imposing a fine for failing to meet efficiency standards. Market dynamics also encompass other programs that seek to induce energy efficiency changes. Those are programs like the low-income weatherization assistance program, or LIWAP, or the low interest loan program offered by the Missouri Department of Natural Resources.

But market dynamics can also include other things, changes to the market like this Commission's decision to allow aggregators of retail customers or ARCs to participate in Missouri. This is all to say the world relating to energy efficiency is changing rapidly. The diminishing supply of inefficient equipment is only getting smaller, and not only that, but the IRA attempts to hasten the transition to efficient equipment by lowering, significantly in many instances, the cost barrier to replacing that inefficient equipment.

To justify the extremely large costs that we're talking about here, which is over a bill -- half a billion dollars, Ameren's MEEIA programs should attempt to make changes where they otherwise may not occur. As Dr. Marke explains in his surrebuttal testimony, energy efficiency changes will continue to happen even without MEEIA. The market has changed, and in many cases efficient is the only option. We are reaching a point of diminishing returns. We should allow the alternatives and the changed markets to work. Ameren's ratepayers should not be required to pay for programs for which a market alternatives exist. They're facing enough costs elsewhere.

The OPC's witness on this issue is Dr. Geoff Marke. He's submitted extensive testimony on this issue, and I encourage you to ask him any questions that you may have. And I'm happy to take any questions that you have as well.

JUDGE DIPPELL: Are there any commissioner questions? All right. Thank you.

MS. VANGERPEN: Thank you.

JUDGE DIPPELL: Okay. I believe that concludes the openings, and we can begin with witnesses. Would the Company like to call its first witness?

MS. MOORE: Yes, your Honor. We call an Antonio Lozano. And Mr. Lozano was sworn in yesterday.

JUDGE DIPPELL: Thank you for that reminder.

(Witness previously sworn.)

ANTONIO LOZANO

the witness, having been first duly sworn, testified as follows:

MS. MOORE: And his testimony has been introduced and I would still consider him tendered for cross-examination.

JUDGE DIPPELL: All right. Thank you. Mr. Lozano, you were previously sworn, so you remain under oath for these proceedings.

Before we begin, I actually I -- it dawned on me that I hadn't mentioned a couple of housekeeping things with regard to stopping and starting the hearing today. Because the Commission has a local public hearing this evening, we will have to stop the hearing today at 5:00, so that the Commission can prepare for that. Also the Commission has its agenda meeting scheduled for 9:00 a.m. in the morning, so unfortunately you won't be able to be get -- to get going again until 10:00 in the morning. So that's going to squeeze you all for time, but I wanted to bring that up just to keep that in mind as cross-examination and so forth goes.

So with that, I'm sorry to interrupt, go ahead. You -- you tendered this witness for cross?

MS. MOORE: Yes, your Honor.

JUDGE DIPPELL: All right then. Is there cross-examination from Renew Missouri?

MR. LINHARES: None, thank you, judge.

JUDGE DIPPELL: And I will just call the people that weren't present earlier. And if they're present, speak up, and if not, I'll move on. So NRDC? MECG?

MR. MORRISON: No -- no -- sorry, Judge, I was a little late there.

JUDGE DIPPELL: I'm sorry.

MR. MORRISON: NRDC has no cross-examination.

JUDGE DIPPELL: I'm sorry, Mr. Morrison. And I knew you were there and I went on anyway. MECG? Consumers Council? Does Staff have cross examination?

MR. PRINGLE: Yes, Judge, thank you.

CROSS-EXAMINATION

BY MR. PRINGLE:

Q. Good afternoon, Mr. Lozano.

A. Good afternoon.

Q. Now, let me if know you're the best

witness to ask this question, but, so Ameren's current MEEIA application contemplates a retro -- retrospective EM&V. Correct?

A.   It does.

Q.   Now, if the Commission were to reject a retro -- a prospective EM&V, would that change the Company's position on the IRA?

A.   I'd have to think about that a little bit more. Can you provide a little more context on the question please?

Q.   Let's say if, for example, a MEEIA application is approved for Cycle 4 based on a retrospective EM&V, would the Company's approach to the IRA remain the same as within the current application or would it adjust?

A.   What part of the approach?

Q.   Let's say when it comes to the idea of -- well, attributing incentives to prospective programs.

A.   Attributing incentives -- are you referencing Mr. Graser's discussion on -- on how it's handled in the process?

Q.   A little bit of that, yeah. Like, right now Mr. Graser has the independent evaluator survey approach. Correct?

A.   I think that generally characterizes it, yes.

Q. So I guess then would you be able to answer right now if EM&V was retrospective instead of prospective, would the Company still just go forward with that approach?

A. I -- first of all, I don't think I would be able to answer that for certain. Certainly we would -- we would want to talk, as a company would want to talk with our experts. I do think it's important to understand that making sure, you know, what actually happens through those surveys and other parts of the process, that's the broader point that we are trying to make there, which I believe is appropriate, versus, you know, blanket attribution. And I -- I believe that that is an important point for -- for everybody to understand.

Q. Okay. So you are saying the Company does believe that more precise -- I guess more precise assumptions is better?

A. I believe understanding what happened and applying what happened is better.

Q. And also can you testify as to how the IRA would potentially impact the net-to-gross ratios?

A. I think that remains to be seen. The -- the majority of it, specifically on the rebate side, is very unknown at this point.

I attended a meeting at Midwest Energy Efficiency Alliance meeting on June 26th where both the U.S. Department of Energy as well as Missouri State Energy Office were represented. At that meeting Nora Maxwell for Missouri State Energy Office stated, and she had slides to back this up, that at the earliest those rebates would be available is April 2026. And that was only going to be the case if they had early administration funding by the end of that week. And she stated that was very unlikely.

Given all that, it was very clear that when money would be available, how money would be allocated, and for what time periods, that was all -- still remained -- well, that was all still up in the air. Given the fact that that was up in the air, what impacts it should have on attribution I think is still up in the air as well.

Q.   Well, based on what you know today, do you believe it is more likely to increase or decrease that ratio?

A.   What ratio?

Q.   The net to gross.

A.   For what time period?

Q.   I guess in general.

A. In general? So we -- we have an agreed-upon net to gross for 2024. Are you referencing compared to the agreed-upon net to gross for 2024?

Q. Correct.

A. Again, I would -- it would be best talking to our experts there since I'm not the day-to-day details of that.

Q. And would that be --

A. But to be clear in going back to what I referenced just a little bit ago, that is an agreed upon that does not get refined after the fact, refined based off of answers like those surveys. So it is -- that's a hard question to answer without going back and looking into those details.

Q. And were you saying the -- is Mr. Graser the better witness to ask those questions of?

A. Yeah.

MR. PRINGLE: Thank you, Mr. Lozano. No further questions, Judge.

JUDGE DIPPELL: All right. Are there any cross-examination from OPC?

MS. VANGERPEN: Not at this time. Thank you, Judge.

JUDGE DIPPELL: Is there -- are there any

commissioner questions for this witness?
Commissioner Coleman.

QUESTIONS

BY COMMISSIONER COLEMAN:

Q. Would you remind me what your position is?

A. Yes, ma'am. Director of energy efficiency and demand response.

Q. Okay. I've got a question, just trying to decide who to ask.

A. Okay.

COMMISSIONER COLEMAN: Thank you very much.

THE WITNESS: You're welcome.

JUDGE DIPPELL: Are there any other commissioner questions? All right. Are there -- is there any further cross-examination based on Commissioner Coleman's question? Don't see any. Is there any redirect?

MS. MOORE: No, your Honor. Thank you.

JUDGE DIPPELL: All right. I believe that concludes your testimony on this issue. Ameren may call its next witness.

MS. HERNANDEZ: Ameren Missouri calls Timothy Via. And he has not testified yet, Mr. Via has not, so he will need to be sworn in.

JUDGE DIPPELL: Thank you.
(Witness sworn.)
TIMOTHY VIA
the witness, having been first duly sworn, testified as follows:
JUDGE DIPPELL: And if you could just spell your name for the court reporter, that would be helpful.
THE WITNESS: Timothy, T-i-m-o-t-h-y. Last name is Via, V as in victor, i-a.
JUDGE DIPPELL: Thank you. You may go ahead.
DIRECT EXAMINATION
BY MS. HERNANDEZ:
Q. Good afternoon. Can you identify yourself for the court reporter please.
A. Yes. My name is Timothy Via, manager of energy efficiency strategy for Ameren Missouri.
Q. And are you the same Timothy Via that caused to be prepared testimony in this case, direct testimony that's been marked Exhibit 1 -- 107, rebuttal testimony marked as Exhibit 108, and surrebuttal testimony marked Exhibit 109?
A. Yes.
Q. And do you have any corrections or changes

to make to that testimony?
A. No, I do not.
Q. And if I were to ask you the questions that are contained in those testimonies, would your answers be the same today?
A. Yes.
Q. And are those responses in your testimony true and accurate to the best of your knowledge, information, and belief?
A. Yes, they are.
MS. HERNANDEZ: Okay. Just because of procedure, I will not offer those documents at this time. He's going to -- Mr. Via's going to testify on other issues so I will reserve offering those exhibits and I will tender him for cross at this time.
JUDGE DIPPELL: And can you repeat those exhibit numbers for me please?
MS. HERNANDEZ: Sure. Direct was 107, rebuttal was 108, and surrebuttal was 109.
JUDGE DIPPELL: All right. Is there any cross-examination from Renew Missouri? NRDC?
MS. RUBENSTEIN: No, thank you.
JUDGE DIPPELL: MECG? Consumer Council?
MR. COFFMAN: No questions, your Honor.

JUDGE DIPPELL: And let me just go back to NRDC. Ms. Rubenstein, could you just identify yourself for the court reporter.

MS. RUBENSTEIN: Certainly. Sarah Rubenstein.

JUDGE DIPPELL: All right. And Mr. Coffman, the same.

MR. COFFMAN: I'm sorry?

JUDGE DIPPELL: Oh, I'm sorry. I was -- I didn't see you sitting there. Can you -- I thought you were online.

MR. COFFMAN: No, I'm hiding.

JUDGE DIPPELL: You snuck in. Okay. Is there any cross-examination from Staff?

MR. PRINGLE: Yes, Judge.

CROSS-EXAMINATION

BY MR. PRINGLE:

Q. Good afternoon, Mr. Via.

A. Good afternoon.

Q. And I guess I'm going to ask you, like, a question I also asked Mr. Lozano. Are -- do you have a position on if the Commission were to approve a MEEIA application with retrospective, not prospective EM&V, would that change the Company's position on the IRA?

A. I would say it depends on what position on the IRA that you're looking at as there's multiple positions on the IRA with the rebates as pertains to income-eligible customers versus market-rate customers.

Q. I guess for attribution purposes, would it change for either one?

A. I think based on this filing, it would be highly unlikely that that position would change based on the uncertainty of the IRA rebates being implemented and being available by the cycle that we filed.

Q. And under the current application, the cycle would run through, is it 2025 to 2028?

A. The current -- our current amended filing is '25 through '27.

Q. And does Ameren believe that no IRA funds would be available whatsoever during that period?

A. Well, based on as Mr. Lozano testified, at a MEEIA conference when we talked to Nora Maxwell with the State Energy Office, it is highly likely that rebates will be available before '26. What we've seen in other jurisdictions, there's only one -- been one jurisdiction that has started administrating IRA rebates, that being NYSERDA in New

York. Within what they initiated and started is just an income-eligible piece of their rebate and saying that likely that the rebates to the market-rate customers will come a year after.

So based on that we likely say, if they're saying best case scenario is late '26 for Missouri for market rate, it would likely be '27 or beyond, so, therefore, outside the scope of our MEEIA application.

Q. Well, I guess but from those conversations you do believe that rebates will be available no later than 2026?

A. I believe that rebates possibly, without a lot of uncertainty, would be available at that time.

Q. And with MEEIA -- with Ameren's proposed MEEIA running through 2027, those rebates would be available with MEEIA rebates. Correct?

A. I mean, I think -- what we proposed, what I proposed and what I proposed in my testimony is a braiding of those programs within that, within that cycle. I think that's the most effective approach, specifically within the low income sector as our market potential study shows that there's over 400,000 of our customers that are in greater need of that. So I think the best approach to serve that -- that population is the braiding of funds of both utility and federal funds.

Q. And setting aside the income-eligible programs, if the Commission were to approve braiding, does Ameren have a plan to account for free ridership?

A. That would be addressed or -- or better addressed by Mr. Graser.

MR. PRINGLE: Thank you, sir. One moment, Judge. Thank you for your time. No further questions.

JUDGE DIPPELL: Thank you. Is there any cross-examination from Public Counsel?

MS. VANGERPEN: Not at this time. Thank you, Judge.

JUDGE DIPPELL: Is there any -- are there any questions from the commissioners? All right. I have just a few questions.

QUESTIONS

BY JUDGE DIPPELL:

Q. Yesterday some questions were asked of Mr. Lozano, and he could -- he could not answer them, and so I'm going to go -- go down the line until I find an Ameren witness that can. So just let me know if this isn't your area of expertise. So the revised

MEEIA 2025-2027 plan included in Ameren's amended application. Are you familiar with that?
A. Yes, ma'am, I am.
Q. On page 22 in describing the single-family income-eligible program states, A community products delivery channel will also be made available to an income-eligible communities that will offer discounted LEDs through retail establishments and community-based organizations such as local food banks.
How -- how would it work to specifically target Ameren Missouri's single-family income-eligible customers at retail establishments?
A. Well, this is -- and I can address that, similar to our approach in -- earlier in the MEEIA 2019-21 cycle, we had a community lighting program. That lighting program looks at income-eligible customers throughout our territory and we look at retail establishments that, more likely to target those customers. That would be your Family Dollars, your Dollar Stores, your Goodwill stores, Dollar Tree stores, and those types of avenues. We're also looking at a certain percentage of customers within zip codes that meet our income-eligible standard. And that is where we're

looking at targeting that.

And one of the reasons that we're looking to offer that up is based on our market potential study, there still is a gap between customers -- or low-income customers and what we consider market-rate customers as far as getting LEDs into their homes, into the sockets into their homes.

Q. And has the -- has the light bulb program available to consumers in prior MEEIAs, has that kind of exhausted the light bulb program?

A. We discontinued the market rate residential lighting program in -- at the end of 2021 but we still see that there's still a gap. When I say there's still a gap, part of our single-family income-eligible and multi-family income-eligible programs, we actually go into those properties and replace inefficient lighting with LEDs. We're still seeing a notable amount of LEDs that -- that can be installed as we're replacing, still replacing incandescent and halogen light bulbs within those establishments.

Q. And can you explain in revised Appendix D incentive ranges the difference between the low and the high incentives and how the amounts were determined?

A. Yes. The incentive ranges is based on looking at incremental costs of those measures. Incremental costs being from the base measure to the cost of the most inefficient measure. We utilize those incentive ranges to find out the -- to be flexible in our approach as looking at the incentive that'll drive participants to move towards installing a more efficient piece of equipment.

Q. And last question, still referring to revised Appendix D. How will it be determined if a customer is eligible for the low or high incentive? For example, on page 4, LED night light, 0 -- or .15 cents versus $7 and a power strip, $10 versus $30.

A. Yeah. What we do is when we file, before we launch the programs, we would actually file -- I mean, not file. We'll actually have the actual incentive that we would have, and we'll have it posted on our website.

So for a power strip on our online store, for instance, we may have an incentive of $10. If we're not driving that or the price goes up, like what we're seeing on some equipment, we may look in and based on our implementation on what's drivers or looking at other utility programs throughout the the country and see that we have to move that incentive to up to say $12 to get that to move. So what we would do -- what -- filing an incentive range gives us that flexibility to change that. And we would change that through our 11-step process working with Staff and OPC and other stakeholders and implement that stage. But we would not have to file that. We would just have to update our website with the new incentive as opposed to filing a whole new incentive sheet.

JUDGE DIPPELL: Okay. Are there any other commissioner questions? Okay. Are there any further cross-examination questions based on questions from the bench? Renew Missouri? NRDC?

MR. LINHARES: Thank you, Judge. No.

JUDGE DIPPELL: I'm sorry.

MS. RUBENSTEIN: Thank you, Judge --

JUDGE DIPPELL: I'm sorry, Mr. Linhares. Were you saying you had questions or you didn't have questions?

MR. LINHARES: I have none. Sorry. I was slow to the mute button there.

JUDGE DIPPELL: That's all right. And Ms. Rubenstein?

MS. RUBENSTEIN: No questions. Thank you, Judge.

JUDGE DIPPELL: MECG? Consumers Council?

MR. COFFMAN: No questions, your Honor.

JUDGE DIPPELL: Staff?

MR. PRINGLE: Yes, Judge.

RECROSS-EXAMINATION

BY MR. PRINGLE:

Q. And just to be clear when you were saying market rate in response to questions from the bench, Mr. Via, did -- does that mean all non-income-eligible customers when you refer to market rate?

A. What I was referring to how we've identified the income-eligible customers. So basically when we was looking at zip codes, we were looking at -- we were looking at zip codes with a high percentage of or income-eligible customers, yes. And those that are not classified or identified as income eligible being considered as market rate.

Q. Okay. So, yeah. So the market rate was used to determine who was income eligible?

A. Well, base -- what we do is determine what income eligible based on zip code, not -- we don't define what market rate is.

Q. And then also when it comes to the incentive ranges, do you model for the low and high

incentives of those ranges?
A. We model based on best practices utilizing information from our implementation contractor as well as modeling, looking at programs throughout the country.
Q. So do you know, does best practices, does that include modeling for both the low and the high end of the incentive range?
A. They pro -- within that, they provide an incentive to drive the market.
I guess I can give you an example of that. Our multi-family income-eligible program which we -- it's a comprehensive program that we just started a few years ago, we used incentive to drive, to get participation in that. We used like a dollar per kilowatt hour say for the savings to drive, to equate for the incentive. We saw that that was providing more incentive for the program than is needed, so, therefore, we went in and did an incentive change and lowered that incentive to where now the incentive is more applicable. We're still driving and we're still achieving and overachieving, but we're not paying overach -- overincentivizing those customers or those property owners to move forward with those incentives.

Q. And thank you for that, sir. And actually when it comes to that analysis, did any of your cost-benefit analyses utilize the high end of an incentive range?
A. I'm not -- I'm not the expert on what -- what the incentives was that was used, but they are in the documentation that was filed as part of this plan.
Q. Do you know who would be the better witness to ask that question of?
A. It would likely be either Neil Graser or someone from his team.
MR. PRINGLE: Thank you, sir. No further questions, Judge.
JUDGE DIPPELL: Is there any further cross-examination from OPC?
MS. VANGERPEN: No, thank you, Judge.
JUDGE DIPPELL: Is there any redirect?
MS. HERNANDEZ: No, thank you.
JUDGE DIPPELL: All right. I believe that concludes your testimony on this issue. And you may step down.
THE WITNESS: Thank you.
JUDGE DIPPELL: Ameren want to call its next witness?

MS. MOORE: Yes. The company calls Neil Graser. Graser. We've been doing it to him all afternoon. And this is his first time appearing as well and he hasn't been sworn in.

JUDGE DIPPELL: Thank you.

(Witness sworn.)

NEIL GRASER

the witness, having been first duly sworn, testified as follows:

JUDGE DIPPELL: And could you just spell name for the court reporter please.

THE WITNESS: Neil, N-e-i-l, Graser, G-r-a-s-e-r.

JUDGE DIPPELL: Thank you. And you may go ahead, Ameren.

DIRECT EXAMINATION

BY MS. MOORE:

Q. All right. Good afternoon, Mr. Graser. Could you please state your name for the record.

A. Neil Graser.

Q. And by whom are you employed and in what capacity?

A. Ameren Missouri as manager of energy analytics.

Q. And in this proceeding did you prepare rebuttal and surrebuttal testimony that has been identified as Ameren Exhibit 110 for your rebuttal testimony and Ameren Exhibit 111 for your surrebuttal testimony?

A. I did.

Q. And if I were to ask you those -- I beg your pardon. Do you have any changes to those testimony?

A. I do not.

Q. And if I were to ask you the same questions that are contained in those -- in that testimony, would your answers be the same or substantially the same?

A. Yes.

Q. And are those answers true to the best of your knowledge?

A. Yes.

MS. MOORE: With that, I tender Mr. Graser for cross-examination, your Honor.

JUDGE DIPPELL: All right. Is there any cross-examination from Renew Missouri?

MR. LINHARES: No. Thank you very much.

JUDGE DIPPELL: NRDC?

MS. RUBENSTEIN: No, thank you, Judge.

JUDGE DIPPELL: MECG? Consumer Council?

MR. COFFMAN: No, thank you, your Honor.
JUDGE DIPPELL: Staff?
MR. PRINGLE: Yes, Judge, thank you.
CROSS-EXAMINATION
BY MR. PRINGLE:
Q. Good afternoon, Mr. Graser.
A. Good afternoon.
Q. And I'm probably going to sound like a broken record here, but I got a few questions I've been asking today. If the Commission were to approve a MEEIA Cycle 4 for Ameren and base EM&V on retrospective rather than a prospective basis, would that change Ameren's approach to attribution in the IRA?
A. I don't know that for sure. I think that would be something we would have to discuss as a company.
Q. And then also do you know what net to gross was assumed for -- well, each measure in the application's TRC?
A. I believe it was around a .79 to .80, which is in line with what we have historically seen.
Q. What was that high range again, sorry? It was .79 to?
A. .80. I think there was a couple decimals

in there I can't recall off the top of my head.

Q. And then are you aware of how the IRA impacted -- impacts that net to gross?

A. Are you specifically referring to free ridership?

Q. Free ridership is more a Staff-specific concern, but just really any kind of accounting for the IRA.

A. Well, just I guess as a general con -- education, so net to gross is essentially an assessment of savings attribution, so it's typically defined as a formula. It's one minus free ridership and then plus any spillover. And so free ridership I think has been brought up several times and so that's, you know, customers that take advantage of our incentives that otherwise would not -- or that otherwise would have installed those same measures. And spillover is a, where customers participate in energy efficiency measures, whether they're in our programs or not in our programs, there's different types of spillover, without taking advantage of our incentives.

Q. And so I guess from that answer, it's for the most part Ameren's continuing on as it always has when it comes to free ridership?

A. Well, the last couple years there have been negotiated net-to-gross assumptions with no true-ups. We proposed in this application that we would move back to measuring the free ridership spillover to calculate a net to gross to use instead of a deemed net to gross.

Q. And it was in your rebuttal testimony that you put forward the -- Ameren's plan to measure the free ridership. Correct?

A. That is correct.

Q. And that's going to be done through surveys through the independent evaluator?

A. That is -- yes.

Q. Is that how Ameren has handled the free ridership problem in the past?

A. Primarily, yes.

Q. And then also when it comes to, back to the incentive ranges, do you model for the low and high incentives of those incentives ranges?

A. I do not know off the top of my head.

Q. And then also going back to those ranges, did any -- or are you aware if any cost-benefit analyses utilized the high end of an incentive range?

A. I am not aware, I'm sorry.

MR. PRINGLE: Thank you for your time,

sir. No further questions, Judge.
              JUDGE DIPPELL: Is there any cross-examination from Public Counsel?
              MS. VANGERPEN: No, thank you, Judge.
              JUDGE DIPPELL: Are there any commissioner questions for these -- this witness? I don't have any questions --
              COMMISSIONER HOLSMAN: No questions, Judge.
              JUDGE DIPPELL: Oh, sorry. Go ahead.
              COMMISSIONER HOLSMAN: No questions, Judge. Sorry, I was just -- couldn't hit the mute button fast enough.
              JUDGE DIPPELL: Thank you, Commissioner Holsman. All right then. Is there any redirect?
              MS. MOORE: No, your Honor.
              JUDGE DIPPELL: Okay. I believe that concludes your testimony on this issue. That's the last witness for Ameren on this issue. Correct?
              MS. MOORE: That is correct, your Honor.
              JUDGE DIPPELL: Would Staff like to call its witness?
              MR. PRINGLE: Yes, thank you, Judge. Staff calls Mark Kiesling to the stand. And this will be Mr. Kiesling's first time on the stand, so

I'll have to go through the whole direct.

JUDGE DIPPELL: All right.

(Witness sworn.)

MARK KIESLING

the witness, having been first duly sworn, testified as follows:

JUDGE DIPPELL: If you could state -- or spell your name for the court reporter please.

THE WITNESS: Okay. It's Mark, M-a-r-k, Kiesling, K-i-e-s-l-i-n-g.

JUDGE DIPPELL: Go ahead.

MR. PRINGLE: Thank you, Judge.

DIRECT EXAMINATION

BY MR. PRINGLE:

Q. Good afternoon, Mr. Kiesling.

A. Good afternoon.

Q. And by whom are you employed and in what capacity, sir?

A. The Missouri Public Service Commission as a senior research data analyst.

Q. And, Mr. Kiesling, are you the same Mark Kiesling who caused to prepare direct, rebuttal and -- well, direct, corrected rebuttal, and surrebuttal testimony in these proceedings premarked as Staff Exhibits 212, 213, and 214?

A. Yes.
Q. At this time do you have any corrections to Exhibits 212, 213, or 214?
A. No.
Q. If I were to ask you the same questions within Exhibits 212, 213, and 214, would your answers be similar or substantially similar to those contained therein?
A. Yes.
Q. And also are your answers true and correct to the best of your belief and knowledge?
A. Yes.
MR. PRINGLE: Thank you, Mr. Kiesling. Mr. Kiesling will be taking the stand a few more times during these proceedings so at this time I tender him for cross-examination.
JUDGE DIPPELL: Thank you. Mr. Pringle, could you give me the numbers and which testimony those belong to again?
MR. PRINGLE: Yes, Judge. Exhibit 212 would be Mr. Kiesling's direct, 213 would be Mr. Kiesling's corrected rebuttal, and 214 would be Mr. Kiesling's surrebuttal.
JUDGE DIPPELL: Thank you. I misunderstood one of your numbers earlier. Is there

any cross-examination from Public Counsel?
MS. VANGERPEN: Yes, just briefly, Judge.
CROSS-EXAMINATION
BY MS. VANGERPEN:
Q. Good afternoon, Mr. Kiesling.
A. Good afternoon.
Q. How -- could you explain to the Commission how the IRA complicates Ameren Missouri's amended application in Staff's view?
A. In Staff's view --
MS. HERNANDEZ: I'm going to object, your Honor. This is friendly cross-examination.
JUDGE DIPPELL: And I'm going to overrule. You can proceed, but try to keep things not repetitive.
MS. VANGERPEN: Thank you.
THE WITNESS: In Staff's view the IRA just presents a lot of potential issues with the potential for free ridership. The IRA presents a big problem with individuals moving forward with energy efficiency projects and using the IRA as the driver and then potentially going back and getting the rebates that Ameren offers and then Ameren being able to take full advantage and getting full credit for those projects even though their MEEIA programs

aren't the driving factor.

MS. VANGERPEN: No further questions. Thank you, Judge.

JUDGE DIPPELL: Is there any cross-examination? MECG? Consumers Council?

MR. COFFMAN: No, thank you, your Honor.

JUDGE DIPPELL: Renew Missouri?

MR. LINHARES: Yes, just briefly.

CROSS-EXAMINATION

BY MR. LINHARES:

Q. Good morning, Mr. Kiesling.

A. Good afternoon.

Q. So I want to talk to you about free ridership in this -- in the case of IRA incentives. Are you aware of the other approaches that -- rather approaches that other states are taking to this very issue?

A. Not currently.

Q. Okay. And have you reviewed any documents from third-party sources about this issue of how to approach attribution and the issue of free ridership in this case?

A. Outside of visiting with and meeting with Staff's outside consultant that helps with EM&V process, no.

Q. Are you aware of the frameworks used for attribution in the case where low-income weatherization money is being put towards measures that might be incentivized by utility programs? Are you aware of that approach?

A. I am not familiar with that, no.

Q. Okay. I want to ask you a hypothetical if you're all right with that. Your testimony gives the -- an anecdotal story about a utility incentive, and it's used to illustrate the free ridership concept. I want to ask you a hypothetical question. Let's say a customer has been brought to a utility and they had no knowledge of the utility programs, but they are -- a community action agency is dealing with them. They're a single-family low-income homeowner with a very inefficient house and they're asking for bill assistance and the community action agency sends them the utility's way.

The utility gives them a free home energy evaluation and a list of measures that they can install, offers them financing, offers them a, you know, a nearly a thousand dollar rebate for a new expensive but very efficient air source heat pump or mini-split system. And the customer says yes to all this because it's going to get financed by the utility, they're linked up to a contractor through the utility. And then the utility lets them know, Oh, by the way, there's also a new federal incentive where you could, based on your income, you could get up to $4,000 for this $13,000.

In that case would you say that the utility is a cause of that measure happening?

A. Not necessarily. You'd have to see if the individual would have went through with the project without knowing about the $4,000. Obviously that added on would probably be a game changer. So once again, you're getting potentially attribution for the utility because of the $4,000.

Q. Well, I've already said that the customer has, in this -- in this hypothetical, we're talking about a hypothetical here, I don't think it's that far afield because we have many stories of this. But I've said that the -- I've stipulated that the customer didn't have any knowledge of the utility program or the federal government program in this case. And the -- the utility as the only actor in the space with any advertising or outreach budget has informed the customer both of its own rebate and the federal rebate. Would you say the utility is a cause of that measure occurring?

A. Possibly.
Q. I'm not asking about attribution. I'm asking about whether it's a cause of the measure occurring.
A. Possibly. I -- I would think the community action agency would be aware of the IRA funding because they're -- they're always looking for, you know, funding sources. And DOE is going to do everything they can to promote the IRA. So I'd be a little surprised that a community action agency wouldn't be aware of it.
Q. Fair enough. Are you aware, do you have general knowledge of energy efficiency programs that are currently being offered by the Missouri Division of Energy within the Department of Natural Resources?
A. Not an extensive knowledge, no.
Q. Are you aware that there have been programs offered by Department of Ener -- Division of Energy for many years?
A. No. I was not aware of that.
Q. And do you think that you would be -- well, I'm not going to ask you to further speculate.
I have no further questions. Thank you very much.
JUDGE DIPPELL: Thank you. Is there any

cross-examination from NRDC?

MS. RUBENSTEIN: No, thank you, Judge.

JUDGE DIPPELL: From Ameren?

MS. HERNANDEZ: Yes, thank you.

CROSS-EXAMINATION

BY MS. HERNANDEZ:

Q.   Good afternoon.

A.   Good afternoon.

Q.   If you could turn to your direct testimony, page 2.

A.   Okay.

Q.   Starting at -- starting at line 19, you talk about some other programs that you say promote energy efficiency, and you provide one example of this being the low-interest loan program offered by the Missouri Department of Natural Resources. Do you see your testimony on that?

A.   Yes.

Q.   Okay. Now, these low-interest loans that you mention, they are not available to residential customers. Correct?

A.   I'm not a hundred percent sure on that.

Q.   Well, your testimony states that these funds help municipalities, school districts, and other organizations to allow them to help upgrade

their particular areas to energy efficiency -- energy-efficient products. So residential customers are not included in that description. Correct?
A. Not that description, but I don't know if they're not -- if it's eli -- if residents are eligible or not.
Q. Okay. Do you know whether for-profit commercial or industrial customers are eligible for these DNR loans?
A. I'm not aware of if they are or not.
Q. Would you agree with me that Ameren has approximately 1.2 million electric customers?
A. Sounds around that number, yes.
Q. Okay. And do you know the percentage of those 1.2 million electric customers that are either municipalities, school districts, or other non-profit organizations?
A. I do not know that exact percentage.
Q. On the IRA, that is a tax credit. Correct?
A. Potentially.
Q. Do you know how many Ameren Missouri customers would qualify for that tax credit?
A. Not off the top of my head, no. I would assume the majority of the low income to middle

income would be eligible, and I don't know what percentage that -- of Ameren customers that would be.

Q. But that's an assumption. Right?

A. What assumption?

Q. Well, your previous answer you said you assumed that the majority of low-income customers.

A. I said the low income and middle income Ameren customers would be eligible.

Q. So an IRA tax credit, you would -- a customer, if they received an IRA tax credit, they would apply that to their tax liability. Correct?

A. Yes.

Q. And if you do not have a tax liability, you cannot use the IRA tax credit. Is that correct?

A. If -- depending on if your liability, yeah, is not high enough, you wouldn't be able to use it.

Q. Now, Ameren Missouri did not include any window measures in its proposed MEEIA 4 plan. Correct?

A. What do you mean by window measures?

Q. Rebates on windows, more energy-efficient windows.

A. Not that I'm aware of, no.

Q. Do energy-efficient windows qualify for an

IRA tax credit?

A. I'm not a hundred percent sure.

MS. HERNANDEZ: Nothing further. Thank you.

JUDGE DIPPELL: Are there any commissioner questions for this witness? Commissioner Coleman.

COMMISSIONER COLEMAN: Thank you.

QUESTIONS

BY COMMISSIONER COLEMAN:

Q. Hi.

A. Hello.

Q. So Renew Missouri, Mr. Linhares, asked you quite a few questions that dealt with utility, federal funding, a variety of things. And it just made me wonder, based on the interaction of energy efficiency programs, community action agencies which he mentioned, federal programs, do you think that MEEIA programs should be independent of federal government programs? Do you have an opinion?

A. As far as --

Q. Well --

A. -- like braiding them together or?

Q. Stacking them on top of each other.

A. Staff believes, yeah, they should not be braided. They should at least be separated if they're going to be applied to a particular project.

COMMISSIONER COLEMAN: Okay. Thanks. I'm really interested in Geoff Marke's response to that question. So get ready. Thanks. Thank you, Judge.

JUDGE DIPPELL: Are there any other commissioner questions? All right. Is there further cross-examination based on the Commissioner's questions from OPC?

MS. VANGERPEN: No, thank you, your Honor.

JUDGE DIPPELL: MECG? Consumers Council?

MR. COFFMAN: No, thank you.

JUDGE DIPPELL: Renew Missouri?

MR. LINHARES: No, thank you.

JUDGE DIPPELL: NRDC?

MS. RUBENSTEIN: No, thank you.

JUDGE DIPPELL: Ameren?

MS. HERNANDEZ: No, thank you.

JUDGE DIPPELL: Is there any redirect? I guess that -- or I'm sorry, yeah. Is there any redirect?

MR. PRINGLE: Yes, Judge, thank you.

REDIRECT EXAMINATION

BY MR. PRINGLE:
Q. And, Mr. Kiesling, just for the record what is braiding?
A. It would be where a particular MEEIA program is braided with some IRA funding to help fund a particular upgrade.
Q. And if the Commission were to approve some kind of braiding or stacking as it's been called, how -- how can free ridership be accounted for in that instance?
A. It would be very difficult, if not impossible, to account for it.
Q. And then also if stacking is not allowed, is there any risk of federal funds going underutilized?
A. No.
Q. When it comes to the distribution of IRA funds, what info's been provided to you through discussions with Division of Energy?
A. As far as when they're going to be available or?
Q. Yes.
A. They're targeting sometime in 2025.
Q. And then just a follow up on Renew Missouri's hypothetical they asked you. Would it be

appropriate to attribute all of the savings to Ameren even if Ameren made the customer aware of the IRA?

A. Yes.

MR. PRINGLE: Thank you, Mr. Kiesling. No further questions, Judge.

JUDGE DIPPELL: Thank you. I believe that concludes your testimony on this issue. You may step down. And that was Staff's only witness on this issue. Correct? That's what's on the list, so I will have OPC go ahead and call your witness. And Mr. Marke's already up here. Have you testified before?

THE WITNESS: I have.

JUDGE DIPPELL: All right. Then you remain under oath for our purposes and I will let OPC go ahead.

(Witness previously sworn.)

DR. GEOFF MARKE

the witness, having been first duly sworn, testified as follows:

MS. VANGERPEN: Thank you, Judge Dippell. Dr. Marke has testified previously in this hearing and we have gone through his testimony. He will testify again, so we have not yet entered his testimony into the record, but we would consider him subject to cross.

JUDGE DIPPELL: Thank you. Is there cross-examination from Staff?

MR. PRINGLE: Yes, Judge.

CROSS-EXAMINATION

BY MR. PRINGLE:

Q. Dr. Marke, I'm going to kind of follow up with you with a question I've been asking throughout this issue. Depending upon if the Commission orders prospective or retrospective EM&V, how could that change the approach with the IRA and attribution?

A. It's a good question. And --

MS. MOORE: Your Honor, I'm going to renew my objection. I was thinking the question was going somewhere, but again, we have more friendly cross.

JUDGE DIPPELL: And I'm going to overrule that objection. Go ahead.

THE WITNESS: So just to provide just a little basis for what the issue is that we're talking about here, the general question with these MEEIA programs is how much can we attribute to Ameren Missouri for their efforts, all right. At the end of the day, their earnings opportunity's dependent on them showing evidence that Ameren's work is credited and not some other endeavor, the free ridership issue. We do this through EM&V. Historically we've done this through a retrospective EM&V which is the entire year takes place and then we send out surveys and questions and we follow up with it and that becomes the basis for this net-to-gross ratio.

So if the Company gets say .5, that means they effectively have to sell twice as many HVACs or light bulbs to equal one light bulb, right. Fifty percent's being attributed to free riders; 50 percent's being attributed to Ameren Missouri. They've got to work harder.

When Mr. Graser talks about spillover, he's adding on points to that net-to-gross ratio. He's saying that because Ameren existed and you took advantage of the light bulb program, you became aware of energy efficiency and then you decided to put on a window, which is what Ms. Moore was talking about. The window's not rebated through the program, but that window presumably would have never have been put in place but for Ameren's program. And that's the dance that we do with EM&V.

The challenge here is that we got introduced with the IRA, the Inflation Reduction Act, which induced an enormous amount of capital money into various states. Now, some states have rejected it, like Florida, entirely. And we are not in a position right now in Missouri where it's been fully implemented, but the goal is to have something out early in 2025 is my understanding.

What's lost in this discussion, what you haven't heard a lot about is -- that's about $160 million. It's $160 million between two programs, one's focusing on electrification and heat pumps which does fall under the umbrella of Ameren Missouri. The other half of it is weatherization models, so an HVAC, ductwork, these sort of things.

There's an even larger amount of money that's just tax breaks. So tax breaks have always been around, you know, to a larger extent, but the level of tax breaks is something we've never seen before. You know, it -- up to $8,000 in tax breaks. So it's a significant chunk of money. And for good reason that's what HVAC contractors and other entities are using to advertise their programs. You get these huge rebates.

So what -- the challenge here from our end is -- that's great, first of all. If that's inducing energy efficiency, that's all fine and good. And it's taxpayer dollars so it's not being realized on ratepayers' bills which is even better. But the problem is, well, how much can we attribute to Ameren Missouri and how much can we attribute to the IRA.

So this is a subset question. If historically what we've done is we wait until everything plays out and then we argue out it or we try to settle it out. What Ameren Missouri's proposing here is a prospective approach which is, Let's agree on a number beforehand and then we'll modify it. But that number will apply to the first year of savings and then we'll modify to the second year and to the third year. It effectively gives them some certainty moving forward as to what that is. Now, what that number is is a real, real challenge.

So I'm going to go back, Mr. Pringle. Your question was the retrospective and prospective. I can't remember exactly what.

Q. Yes. When it comes to attribution and the IRA, how would a prospective versus retrospective EM&V work?

A. Well, the prospective, I mean, really comes down to this, like, we look to you guys for guidance in saying, All right, what's that number. I mean, that -- that's a challenging task to sit down there, you know. I mean, and your response might --

may be, you know, parties need to work together to figure out a number. Or alternatively it's what Staff is recommending which is, We'll deal with it in EM&V.

I mean, the -- the inherent problem with that is we're just kicking the can down the road, so we'll -- we'll just litigate it in a year from now because chances are -- I mean, maybe we can come to an agreement, but the Delta between what the impact is with the IRA funds versus what the impact is on just Ameren amongst other issues makes it a very difficult problem to solve.

MR. PRINGLE: Thank you for that, Dr. Marke. No further questions at this time, Judge.

JUDGE DIPPELL: Is there any cross-examination from Consumers Council?

MR. COFFMAN: No, your Honor.

JUDGE DIPPELL: MECG? Renew Missouri?

MR. LINHARES: No, thank you, Judge.

JUDGE DIPPELL: NRDC?

MS. RUBENSTEIN: No, thank you, Judge.

JUDGE DIPPELL: Ameren?

MS. MOORE: Yes, I have a few questions. Thank you, your Honor.

CROSS-EXAMINATION

BY MS. MOORE:
Q. Sorry, Dr. Marke. Mr. Pringle started asking some questions that triggered a few; otherwise, I wouldn't have had some for you. For income-eligible programs, do you think they should be evaluated for free ridership?
A. No. I mean, generally it's no. This is a tough issue to -- to address. We have historically not -- we've historically given full credit for low-income programs under the premise that they just would not happen regardless. Without it, they just wouldn't happen, so there is no free rider motivation. The rub there is that -- then it become -- it's not cost effective. I mean, the program, the low-income programs just don't fit that ratio because it's just all incentives that we're throwing out there. We justify those programs because the statute says that we need to go ahead and have programs for all customers and it's largely offset with programs that are really more cost effective.
So in this case, you know, we mentioned yesterday that the demand response programs are doing a lot of the heavy lifting in terms of cost effectiveness. Well, low-income programs is one of

those that's being propped up by other programs that are more cost effective. So if you look at the portfolio as a whole, it is more cost effective than it otherwise would be if you started breaking it apart in its various components.

Q. Right. So if it's -- free ridership isn't evaluated for the income-eligible programs, then do you have a problem with braiding or stacking those programs with federal programs?

A. What problem are we trying to solve for here?

Q. Well, that's what I'm asking. I think the issue that you had with the IRA, that is the free ridership, and so you've taken that free ridership issue and you just said it was appropriate to do so for income-eligible programs. And now if we -- that's not an issue, then my next question for you is the stacking and braiding of those programs to synergize the federal funds with the energy efficiency programs, do you have an objection to that?

A. So I -- in my testimony what I did is I've laid out three options for the Commission. And, you know, my recommendation ultimately is to look at the totality of this and reject the application. So think of it as a decision tree. You say yes or no to the application. If we say no, then we don't have to deal with all the other questions. If we say yes, then it opens up just a host of many, many different questions that are all interdependent.

The problem with braiding is, it is twofold. And again, the -- it's because of the framework we have in Missouri. And if the framework in Missouri is -- it's not a resource standard state and it has to be attributed to the utility. Oh, and by the way it's a very generous, you know, earnings opportunity that's associated with that. At a macro level I can sit back and ask myself, absent Ameren Missouri programs will there still be weatherization. Yes. Will there still be IRA funds through the Division of Energy. Yes. That gives me -- that gives me pause with going ahead and signing off the rich reward that Ameren Missouri is asking for.

It's different on low income than it is on nonlow-income customers. And that's -- that's where I've got a problem with the braiding.

Q. So to the -- to answer the question, you have an issue with braiding for the low income -- income -- excuse me -- income-eligible programs?

A. No. I didn't say the low income. I

said -- there's a difference again between -- I'll put it -- let me rephrase.

Q. The question is just -- let's just isolate the income-eligible program.

A. The IRA income eligible or the Ameren Missouri's income eligible?

Q. Well, but again, they can -- they complement each other, do they not? So the question then is --

A. I don't -- I don't necessarily think they do.

Q. So then you do have a problem stacking the federal --

A. Let me --

Q. -- the federal incentives with Ameren Missouri's program?

A. I can see where this gets very confusing, so let -- let me try to just clear up the air on what the different levels that we're talking about. Low-income weatherization is free. All things being equal when I recommend programs, do that. All right. If you're an income-eligible household, take advantage of the low-income weatherization. Don't mess with any of the rebates. Don't mess with any of this because you're paying out-of-pocket expense.

That's the ideal setting, all right. That's -- regardless of the IRA or Ameren's programs. I just don't think they should be involved.

Ameren Missouri's got a low-income program. I'm objecting to that because we're paying a lot of money for overhead whenever there's an alternative right there that's significantly cheaper.

The IRA funds contemplate the funding that DE is administrating is dealing with low income and moderate-income customer households. So that's a rebate. Those programs are designed acutely. And I think Ameren's, you know -- Ms. Hernandez caught it. Those programs are designed around people that generally don't pay taxes. So they don't get to take advantage of the tax breaks that are out there. Those customers are generally -- I have -- I've basically chalked that up as a nonissue for the most part.

I had an opportunity to speak at the public forum for the Division of Energy and where they were soliciting feedback on how these funds should be administered. In the next issue that we're going to talk about is the administrative overhead, but it had been brought up earlier that DE's only cap at 20 percent administrative overhead. My recommendation for how to administer a program this big where it's gotta be capped at 20 percent and it's gotta go across the entire state and it's gotta focus on low and moderate income, how do you make that happen. The recommendation that I gave was you go through the community action agencies. The community action agencies already exist. They've already got applications. You -- that's the only way that I see them being able to achieve their targets.

It's all of the other issues. And the other issues, what I mean are the tax breaks. So again, if I get an $8,000 tax rebate for my energy efficiency, that's a lot of money. That's going to motivate me to go ahead and get a more efficient appliance than I otherwise would.

Q. And I --

A. And I think that needs to be reflected.

Q. That's you. We're talking about income-eligible customers and the programs that pertain to them.

A. I -- maybe I wasn't clear. Like, I don't have a problem with the DE-administered funds. I've got a problem with the tax breaks on that end.

Q. Right. I -- again, do we know how many income-eligible customers would benefit from a tax

break or would it --
A. None.
Q. Right. So then --
A. Right.
Q. -- for income-eligible programs, that doesn't factor in as an issue?
A. Agree.
Q. So I guess what I'm wondering is right now income-eligible programs are stacked where we work -- Ameren Missouri works with Spire. Correct?
A. Uh-huh.
Q. And we take advantage of the gas savings and coordinate, and Spire's energy efficiency programs complement Ameren Missouri's electric programs for those customers in the same service territory. And they're able to take advantage of both energy efficiency programs and stack or braid those two programs together to better provide income-eligible customers with the ability to make energy and gas savings.
A. So two things on that. Those programs are limited to multi-family, so it's -- multi-family is a very unique subset that is very difficult -- it's what we call principle -- it's not principle-agent; that's --

Q. Well, correct, but --
A. -- another issue.
Q. -- they still reach income-eligible customers, whether it's single family or income eligible multi-family.
A. Well, Spire and Ameren don't combine together on the single family. They combine together on the multi-family. I'm just clarifying that, so.
Q. But whether -- right. But I guess my point is that those programs, whether they -- serving a multi-family problem, still provide customer benefits by braiding those programs?
A. They do.
MS. MOORE: I have no further questions.
JUDGE DIPPELL: Are there any commission questions for this witness? Commissioner Coleman?
COMMISSIONER COLEMAN: I think Dr. Marke answered my question. Thank you.
COMMISSIONER MITCHELL: I've got a question, Judge. So --
JUDGE DIPPELL: Commissioner Mitchell, can you just pull the microphone down there.
COMMISSIONER MITCHELL: Is that better?
JUDGE DIPPELL: Thank you. Yes.
QUESTIONS

BY COMMISSIONER MITCHELL:

Q. So based on what you said, is it fair to say that there's no objection to the customers leveraging and taking advantage of any program that they can. The problem really before us is how do you untangle how to attribute credit for that program under the MEEIA. And so what would be the downside of tracking all of the tax breaks and rebates and every, you know, every other incentive and then attributing the credit to MEEIA based on how much cash came in from each source?

A. So the downside is it -- it's an opportunity cost. It is time and labor intensive the amount of surveys and the EM&V that would need to be conducted to, you know, get a representative sample size to look at that. And then there's going to be disagreements as to, you know, how that was conducted, what's -- what's in, you know, involved in that process.

I don't -- again, I'm going on record. I don't think the DE dollar amount is an issue. I really don't. It's -- it's dollars that are ultimately targeted at low or moderate-income customers that just can't afford it. They're -- it is not going to have a material impact one way or the other on the final results.

The tax breaks I think can have a material impact. I -- I do believe that, that for customers -- and if you look at who historically participates in these programs, it's more affluent customers. That's -- that's just the reality. That's a lot of savings are being attributed to that. That's -- that is one big concern with the IRA.

So when Mr. Linhares talks about, well, other states have moved forward with adopting full braiding, again, the devil's in the details. The two states that he referenced are both statewide programs. They're both -- you know, they've -- they're both EERS, you know, programs where they're mandated by the State to meet certain savings. We don't have that in Missouri. It is -- it is very much, you know, the Show-Me state. Show us the rewards. Show us that you actually produce this. Show us that you actually made this happen or else.

So I'm sympathetic to Ameren, you know, on one end in wanting to have the prospective element. I am very sympathetic to the Commission then being posed with the task of, all right, what's that number, Commission. There are no answers on this to my knowledge. We have sought out responses from

ACEEE. We've tried to get guidance from federal levels. Even the report that Mr. Linhares introduced yesterday, I read that last night, all it does is show different frameworks. There's no recommendation one way or the other because at the end of the day, these are negotiated or sense-making points for the stakeholders involved.

So when I ask, you know, what problem are we trying to solve for, if we are -- if we're trying to just get the most energy-efficient appliances and things in place regardless of who needs them or who would do it regard -- you know, regardless of the circumstances, then braid it. That's an EERS perspective. That's one that's in line with the current administration that's promoting the IRA.

If -- if is it more of a, We're only going to reward utilities for the effort that they've put forward here, then that's a retrospective, but it -- but it comes at a cost. And it is a cost that we've known about this; we've wrestled with this problem for several years. And this is why we've had one-year extensions where we've abandoned retrospective EM&V largely and just focused on deemed -- an agreed-to amount because it's just time and labor intensive.

And it's just one issue. I mean, I know we're going to talk about more about EM&V, but I raise about nine other separate issues that complicate attribution.

COMMISSIONER MITCHELL: Thank you.

JUDGE DIPPELL: Are there any other commission questions? I have just a few on here if the commissioners online don't have anything.

COMMISSIONER HOLSMAN: No questions, Judge.

JUDGE DIPPELL: Okay.

QUESTIONS

BY JUDGE DIPPELL:

Q. So, Dr. Marke, are you familiar with the versions of the International Building Code? Are you familiar with --

A. In general, yes.

Q. Do you know what the current edition of the International Building Code is?

A. Like -- well, I mean, there are -- there are different standards that have been adopted by different municipalities and states. I'm not sure what the highest standard is that's out there, but we're -- we're not operating at it.

Q. And do you know what the latest released

version of the International Energy Conservation
Code, the IECC, is?
A. Same response. I mean, there are
iterations, and some places have adopted various -- I
would say adopted. There's a difference between
adopting and enforcing too. Some place adopt it but
never enforce it.
Q. And the same with the American Society of
Heating, Refrigerating, and Air Conditioning Engineer
or ASHRAE?
A. I am -- I am familiar with ASHRAE and the
levels, yes.
Q. And, but you're not familiar with what
their specific current version that's published?
A. Again, it's the same response. There are
different ASHRAE levels. It's what sort of appetite
does your governing body have to adopt and enforce
that.
Q. And you -- you kind of touched on this,
but has Missouri adopted or mandated a statewide
building code for residential or commercial
buildings?
A. No. Missouri's home rule state, so it's
going to be left at the individual municipal level.
In general, we're u -- there's only a handful of

states that operate like that, so. Yeah, I'll leave it at that.
Q.   And similar for a statewide energy code?
A.   Same.
Q.   Has every jurisdiction within Ameren's territory adopted building codes?
A.   No. The big one has though, and that's St. Louis.
Q.   And do you know what edition of the building codes St. Louis has adopted?
A.   It's in my testimony. If you give me a second.
Q.   And I'm going to ask you the same questions with regard to energy codes. Do you know if jurisdictions within Ameren's territory have adopted energy codes?
A.   No. I mean, in general, codes and -- codes and standards at the state level have not been enforced or applied in the state of Missouri.
Q.   But the specific jurisdictions?
A.   St. Louis, St. Louis County, Kansas City, your larger municipalities.
Q.   So they haven't enforced those either?
A.   So St. Louis is starting to. It would be building codes, and it's going to be commercial. And

it's -- it's not going on apply to residential domiciles. It'll be larger commercial buildings. The -- there's a provision that allows them to be fined, and again, it's in my testimony, I can't find it at the moment, but it is something like a thousand dollars or $500 a day if they're not up to the standard. Now, whether or not that is actually enforced is another question, but that would go into effect this next year.
     Q.   And so that's just recently come into --
     A.   I wouldn't say recently. It -- that's been an effort that's been adopted now for several years, but the -- the penalty factor is just now starting up. They haven't -- they've had a time to build it. In Kansas City they haven't gotten to the point of actually enforcing a penalty; it's just a benchmarking standard at this point.
     Q.   But Ameren doesn't supply Kansas City. Correct?
     A.   No. I'm sorry. The question was about Missouri, so.
     Q.   Yeah. And do you know what percentage or number of Ameren's customers are located within jurisdictions that have adopted energy codes?
     A.   I mean, I could make an educated guess,

but I don't know off the top of my head. And it would be limited to -- so the codes would be limited to commercial and -- commercial buildings within the St. Louis and St. Louis County area.

Q. And so is that the same for building codes and energy codes?

A. It's building code. I'm not sure that there's an energy code. I guess I'm not familiar with what an energy code is.

Q. Well, that was the -- what I was asking. Apparently -- now I've lost it. Energy conservation code. International Energy Conservation Code, IECC, and the Society of Heating, Refrigerating --

A. Right.

Q. -- and Air Conditioning Engineers.

A. Right. So there are several different codes out there. I would say that there are building codes that have been adopted with that, and maybe I'm using that term interchangeably. Usually when you start talking about energy codes, in my mind that is typically talking about more of a safety issue in terms of voltage that's taking place that engineers need to meet up. So that -- to me that's a separate issue than what we're talking about.

Q. Okay. And then -- well, first of all you mentioned EM&V, and I'm not sure we've talked about that today. Can you just define that term?

A. Evaluation, measurement, and verification. We'll -- I think we've got a whole day just for that.

Q. And you've spoken about EM&V challenges. Given that Ameren has applied AMI to nearly all of their customers, do you believe there's a better or more accurate way to measure actual savings rather than deeming or stipulating prospective values?

A. There should be. We've -- we've -- yes, I mean, is the short answer is that we should be able to triangulate data, actual build savings data that's associated with that. The challenges become normalizing it for weather, normalizing it for the economy, for people that move in and out of residence, you know, the -- the actual area. There's a lot of noise I guess is what I would say. It's -- you should absolutely use it. It's a good data point.

We have had statewide collaboratives here at the PSC discussing how to implement and how to move forward with that. Mr. Wills yesterday talked about confounding variables. So these are outside factors that influence, you know, that -- that number. One of the confounding variables to that analysis would be time of use rates, so how much can we attribute time of use rates to the measure itself to, you know, all of these other things that are in play here. So there's just a lot of uncertainty that's associated with that. It's, again, one of the reasons why we elected to do what we did for the one-year extensions.

Q. And I guess I'm jumping ahead a little. We are going to talk about EM -- EM&V all day tomorrow, so.

A. Right.

JUDGE DIPPELL: Perhaps these questions are better saved for that. Are there any other commissioner questions? All right. Is there further cross-examination based on questions from the bench from Staff?

MR. PRINGLE: Yes, Judge, thank you.

RECROSS-EXAMINATION

BY MR. PRINGLE:

Q. Dr. Marke, Commissioner Mitchell was asking you some questions about attribution. I guess if EM&V eventually shows overattribution to Ameren, can the programs be undone?

A. Let me see if I understand the question. If EM&V shows that the programs are attributed to

Ameren?
Q. Correct.
A. So Ameren -- Ameren's responsible for the programs.
Q. Uh-huh. Yes.
A. Okay.
Q. And then second part of the question is if EM&V determines that the Ameren programs were overattributed?
A. Overattributed. I guess I don't understand what that term means.
Q. Let's say that in the end we think that the Ameren MEEIA program was the primary driver, got the proper attribution, but then during the survey cycle we find out, oh, wait, that was not the primary driver; it was the IRA.
A. Oh, so the problem -- it's -- that's a good -- that's the problem with prospective EM&V. So if we prospectively say, Hey, you know, historically our net to gross has been .8 and we think .8 should be this one too. And then we actually do the EM&V and we say, Oh, no, actually it was only maybe 20 percent can be attributed to Ameren. Well, we're locked in. The prospective says it's .8, and that's what we've got. So that's -- you've overstated the

savings attributed to Ameren Missouri by 60 percent. And that results in a lot of risk to ratepayers of overpaying. So that's -- that's the risk-reward problem you've got with that uncertainty.

Q. And also -- now, this -- it may be -- this may be a question better reserved for EM&V, but I think we've kind of got into it with Judge Dippell's questions. Let's say if EM&V does not -- does not fully evaluate let's say income-eligible net to gross, would that result in the benefits being fully attributed to Ameren Missouri?

A. If --

MS. MOORE: I'm going to object that's -- that was a separate line of questioning that we had earlier and wasn't related to any of the bench questions, so this one's beyond the scope.

MR. PRINGLE: Tying into EM&V, Judge, just trying to close the door on that one.

JUDGE DIPPELL: I think that's a little more specific to tomorrow's cross-examination.

MR. PRINGLE: I will save that question for EM&V, Judge.

JUDGE DIPPELL: Thank you.

MR. PRINGLE: Thank you, Dr. Marke. No further questions.

JUDGE DIPPELL: Is there any recross from Consumers Council?

MR. COFFMAN: Yes, I have a couple.

RECROSS-EXAMINATION

BY MR. COFFMAN:

Q. Dr. Marke, you, in your answer to Commissioner Mitchell's questions, you got into some distinction about the beneficiaries of MEEIA programs between affluent customers and lower-income customers. Just so the record is clear here, is Ameren -- does -- is Ameren Missouri proposing that its MEEIA surcharge be applied to low-income customers?

A. No.

Q. Okay. And when you say -- and when you answer that way, we're talking about customers that Ameren knows about, that is, they are receiving LIHEAP assistance. Is that right?

A. Yes.

Q. But that isn't necessarily all low-income customers, is it?

A. It's not.

Q. And do you have an idea of how -- what the penetration is in Missouri of LIHEAP funding to low-income --

A. It's not enough to cover the need, I mean, just flat out.

Q. So -- so there are numerous, in fact maybe most low-income customers are still receiving a surcharge, at least statistically, even though folks who have reached out and received LIHEAP assistance are not charged the MEEIA surcharge. Is that correct?

A. That's correct.

Q. And that's been in effect for a few of these MEEIA cycles. Correct?

A. That is correct.

Q. And is that -- what -- in your mind what is the rationale behind that decision? Is it -- is it what you were saying earlier about the fact that there are so many challenges to low-income families that they don't often wind up having the means, you know, to actually invest in these programs, to benefit from most of the MEEIA programs?

A. The short answer's yes. It's just out-of-pocket expense.

It's -- when we -- again, context is important. When this statute was passed, it was a different world and everything was light bulb based. And the difference between light bulbs and everything else we're talking about here is you can go buy a light bulb at Lowe's and install it yourself. It becomes much more difficult as soon as those light bulb savings disappear. The savings have to materialize from somewhere else. Well, that somewhere else is A, much more expensive. Replacing a heat pump or an HVAC, I mean, you're talking thousands and thousands and thousands of dollars, let alone installation costs and everything that's tied to do that. It is -- it is much more challenging for customers that just don't have that disposable income.

MR. COFFMAN: Okay. Thank you. I think that helps clarify the record. I appreciate that. Thank you.

JUDGE DIPPELL: Anything from MECG? Renew Missouri?

MR. LINHARES: No, thank you.

JUDGE DIPPELL: NRDC?

MS. RUBENSTEIN: No, thank you, Judge.

JUDGE DIPPELL: And any further cross-examination based on bench questions from Ameren?

MS. MOORE: No, your Honor. Thank you.

JUDGE DIPPELL: Is there any redirect?

MS. VANGERPEN: Yes, just very briefly, Judge.

REDIRECT EXAMINATION

BY MS. VANGERPEN:

Q. Dr. Marke, in your conversations with Judge Dippell, she was talking to you about building codes. And you had mentioned that St. Louis has adopted building codes. What part of St. Louis were you talking about there?

A. Commercial building codes?

Q. Uh-huh. Yes.

A. The city.

Q. So is it limited to just St. Louis City, or does it include St. Louis County as well?

A. I'm -- I know it's St. Louis City; I think it's St. Louis County. Again, my -- I don't know which testimony it is is my problem.

Q. I believe you talk about that in your direct testimony.

A. Direct.

Q. And I would direct you to page 42.

A. Do you happen to have a copy? I don't seem to --

Q. Not one that -- not a clean copy, I do not.

A.   I can bring it up on my phone if you give me a second.

JUDGE DIPPELL: If it's not easily accessible, I can let your counsel clarify that later.

THE WITNESS: Okay.

MS. VANGERPEN: Thank you, Judge.

BY MS. VANGERPEN:

Q.   Okay. So moving on, now I want you to think about when you were first being questioned by counsel for Ameren and you were talking about -- she asked you a question about braiding with Spire. And you had mentioned that there were two issues that you had wanted to discuss about that braiding with Spire. You had mentioned first that it was limited to multi-family, but then I think the conversation moved on before you could mention that second one. So I wanted you to have -- I wanted you to have an opportunity to clarify that second.

A.   Ms. VanGerpen, I'm not sure what that second was now that you mention it. I mean, the issue is that it's a multi-family problem; it's a niche program. I can tell you that we have, whenever possible, in historic cases, we have tried to minimize overhead costs. And sometimes that -- you know, my whole argument yesterday was how do you make these programs more cost effective is you combine it and do a statewide program. So to the extent possible, that's what we're arguing for.

The problem -- the tension with that is, again, it's the framework that MEEIA is. And it's a framework that's based off of attribution. I don't have a concern on the low-income side because it's largely, it's such a small dollar amount at the end of the day relative to what we're talking about here. It's -- again, my concern on this is the attractive tax breaks that one can get off of this, and that was articulated I guess in the anecdotal example that Staff gave. I think that's very real.

And I'll just -- one quick point on that. I had mentioned before that Florida's rejected these federal programs in doing that. If Missouri were to do that, I don't think my position would change at all. Because, again, like, these are federal tax breaks. So even if, you know, the State of Missouri decides that, you know, they don't want to do any, you know, strings-attached handout from the federal government, people can still get that return, that -- that break on their federal taxes.

Q. And, Dr. Marke, thank you. That's

actually where I wanted to end today or for this -- for this issue. So you mentioned the IRA includes both tax breaks and direct incentives. Those tax breaks, when are those available?

A. They're available right now.

Q. And --

A. So, yeah. Like, everything that was talked about, the uncertainty about DE moving forward with this, again, I -- I personally believe it's a nonissue. I -- there's an argument to be made on both sides with it, but it -- in the great scheme of things when we're talking about the dollar amount, I think the tax issue is much more of a concern.

MS. VANGERPEN: Thank you, Dr. Marke. That's all I have. Thank you, Judge Dippell.

JUDGE DIPPELL: Thank you. That will concludes your testimony on this issue, Dr. Marke, and you may step down.

Since that concludes that issue, I think this is a good place to take a brief break. It is about five after 3:00. If we could come back at 3:15. Let's go off the record.

(Off the record.)

JUDGE DIPPELL: Let's go back on the record. All right. So we are ready to move on to the next issue, Administrative Overhead. Are there mini openings for that also? Yes. Okay. Then let's begin with Ameren.

MR. HOLTHAUS: Good afternoon. May it please the Commission. Next on the schedule is issue number three, Administrative Overhead. And the question as framed in the parties' list of issues is what should be included as administrative costs and, alternatively, should the Commission modify the proposed programs to place a cap on administrative costs if the portfolio is determined cost effective.

Ameren believes its administrative costs are reasonable in light of the challenges inherent to implementing MEEIA programs, and Ameren witness Timothy Via can explain these challenges further in his testimony.

OPC advocates that the 20 percent cap applicable to certain nonprofit government agencies such as the Missouri Division of Energy should also apply to Ameren. Ameren understands, however, that these nonprofit agencies receive donations to supplement their available funds to support administrative costs and implement their programs. Further, the details of the programs offered by the nonprofit government agencies and how they compare to

Ameren Missouri's programs have not been explained in this case. For example, are these nonprofit agencies required to prepare a market potential study similar in nature to what Ameren Missouri prepares? Are these nongovernment agencies required to do evaluation, measurement, and verification in the same fashion that Ameren Missouri is so required?

These are elements that add to Ameren Missouri's administrative burden. Without knowing these details, the Commission can't be convinced that this comparison to nonprofit agencies is an apples-to-apples comparison or whether a 20 percent cap is feasible in the utility context. Thank you.

JUDGE DIPPELL: Before you go away, let me just make sure there's no questions. Are there any questions for Ameren at this point? Okay. No questions. Thank you. Staff, do you have an opening?

MS. JOHNSON: Thank you, Judge. Staff defers to OPC on this issue and supports the position of the OPC, so we'll defer to Ms. VanGerpen for our opening.

JUDGE DIPPELL: Thank you. Is there an opening from Renew Missouri?

MR. LINHARES: No opening on this issue.

Thank you, Judge.

JUDGE DIPPELL: From NRDC?

MS. RUBENSTEIN: No, not on this issue, thank you.

JUDGE DIPPELL: Anyone from MECG? Consumers Council? Office of Public Counsel?

MS. VANGERPEN: Yes, just briefly, your Honor. Good afternoon, again, Chair Hahn, Commissioners, and Judge Dippell.

So the issue of administrative costs needs little introduction. This issue is fairly straightforward as we see it. If this Commission approves Ameren's amended application, should there be a cap included on administrative costs, and the answer, to the OPC, is yes, absolutely. As Dr. Marke explained in his surrebuttal testimony, historically about 45 percent of the total program costs of Ameren's MEEIA programs is spent on administrative overhead. With this current application, that means that Ameren will spend about $166.5 million on administrative costs.

The Inflation Reduction Act that we just spent some time talking about, it includes a cap -- it includes many of the same programs and caps administrative costs at just 20 percent. If the federal government thinks that these types of programs can be administered with 20 percent of the budget, why can't Ameren. This -- these overinflated administrative costs are yet another reason why the OPC asks this Commission to reject Ameren's amended application. And again, I would encourage you to ask questions that you might have to Dr. Marke.

JUDGE DIPPELL: Thank you. Are there any commissioner questions for OPC at this point? Not seeing any.

COMMISSIONER HOLSMAN: Judge, this is Commissioner Holsman.

JUDGE DIPPELL: Oh, Commissioner Holsman, go ahead.

QUESTIONS

BY COMMISSIONER HOLSMAN:

Q. Just clar -- for clarification, did you say 45 or 48?

A. Historically it's been about 45 percent, Commissioner.

COMMISSIONER HOLSMAN: Forty-five. Okay. Thank you. That's all.

JUDGE DIPPELL: Okay. Thank you.

MS. VANGERPEN: Thank you.

JUDGE DIPPELL: Now, it's on the list

there are two witnesses. Would Ameren like to go ahead and call its witness.

MS. HERNANDEZ: Ameren Missouri calls Timothy Via.

JUDGE DIPPELL: And, Mr. Via, you were previously sworn, so you remain under oath for our proceeding here.

THE WITNESS: Okay.

(Witness previously sworn.)

TIMOTHY VIA

the witness, having been first duly sworn, testified as follows:

THE WITNESS: Okay.

JUDGE DIPPELL: You may go ahead if you have anything additional.

MS. HERNANDEZ: No. We introduced the exhibits when Mr. Via took the stand earlier, so we'll just tender for cross.

JUDGE DIPPELL: All right. Then we're ready for cross-examination. Is there any cross-examination from Renew Missouri?

MR. LINHARES: None, thank you, your Honor.

JUDGE DIPPELL: NRDC?

MS. RUBENSTEIN: No, thank you, Judge.

JUDGE DIPPELL: MECG? Consumers Council? Staff?
MS. JOHNSON: None from Staff, Judge.
JUDGE DIPPELL: Office of the Public Counsel?
MS. VANGERPEN: No, thank you, Judge.
JUDGE DIPPELL: Are there any commissioner questions for this witness? Chair Hahn.
QUESTIONS
BY CHAIR HAHN:
Q. Good afternoon. Help me understand this issue a little bit better. OPC just mentioned that about 45 percent of the costs historically have been administrative and the application going forward, my understanding was that this request was a little over 600 million in MEEIA programs. How much do you anticipate spending in administrative costs moving forward in this cycle?
A. Yes. First, I'd just like to clarify a couple things. Yes, per our filing, the administrative costs, what they speak of, was roughly at 45 percent, but that 45 percent covers a lot of factors. One, that 45 percent includes EM&V and market potential study costs. You remove that cost, you're down to under 40 percent. That cost also

includes the way we model our demand response programs. If you -- now, if you're removing the other overhead plus removing the demand response which is -- which is modeled as all admin, now you're below 30 percent of cost. This is some of the costs that those federal government programs does not have to account for. They do not have to do an EM&V or whatnot. They -- or some of those types of things that we're doing.

One thing, we have income-eligible programs that we talked about earlier. What is modeled in our plan is for program implementer clause is at 22 percent.

And we've talked about braiding and the stacking and the benefits of that. Braiding -- we currently braid or stack or partnership with Spire in our programs. We do partnership with that for our multi-family income-eligible program as well as our single-family income-eligible program. Within that partnership we're getting -- our customers are prov -- are getting benefits by lower admin costs because Spire is paying their fair share of those -- of those benefits in that program.

To give you an example, you have a family, a family of four that participates -- single-family income-eligible family of four participates in our program through our single-family program. They receive -- part of that assessment goes out assesses them and they find out, based on that assessment they can get, achieve a new HVAC system, they can achieve a new furnace, they can achieve thermostat, whatnot. Those -- those costs are shared between us and Spire.

For an easier example, we've -- we had over 3,000 customers participate in our program last year. If all 3,000 of those customers receive a smart thermostat, the installation cost of that smart thermostat is $200. If that cost is split between us and Spire, it's actually a 53/47 percent split, then, therefore, it's roughly a -- say for easy math, a hundred dollars each. If we do 3,000, that's $3,000 that's saved by stacking or braiding those incentives working with Spire that our electric customers do not have to pay. Also there's lower admin costs that our customers do not have to pay because Spire is -- is bringing in admin costs for us to administer that program.

So there is opportunities like that. And that's not accounted for in our plan in our numbers because we do not have control over Spire's budget and what they can offer up. But we've had this partnership for now going on six years, so we anticipate them moving forward with us. But that's also an opportunity to lower that.

Now, I gave the example on the smart thermostat. We also share costs on measures that we're doing with air sealing. We're also sharing measures what we're doing with ceiling insulation, floor insulation and other type of dual measures. And I think what I would say from this is, I have firsthand experience with this because I actually ran those programs, so I understand the benefits that -- that provide of braiding though programs, bringing that together to benefit the customer.

Other benefits that I see for the customers of those types of programs is they -- throughout those programs, we -- they look at 20 to 30 percent energy savings per year from those programs, because we're doing comprehensive-type programs. That's like eliminating two to three bills a year for these customers, not accounting additional savings for the gas savings that those customers have. That is the true benefit of the program. That's the true benefit we see going forward if we braid the programs, some of the benefits that can happen from that.

Q. You had mentioned that EM&V, the market potential study, and the DR modeling are included in administrative costs and if they were excluded, the administrative costs would be less than 30 percent. Do you know exactly what number they would be?
A. I think my team sent me the number. It would be roughly 26 percent.
Q. And then currently how much do you pay in contractors to administer these programs? Is it -- or -- and how much is in marketing?
A. That would be the 26 percent that I quoted and that is all-in costs. What we implement the programs is turnkey for our programs, so they provide the programs, marketing, reporting, all of those factors that's included within that.
Q. Could Ameren reduce its cost to those contractors if Ameren did the marketing in-house?
A. It's -- well, I guess I'd go back. The marketing -- I'm not the marketing person in there, in our group, but I think there's a combination of the marketing, what is done by our implementation contractor and what is overseen by our internal marketing as they have other communication that goes out to our customers.
Q. What has Ameren done to help or look at

reducing administrative costs?

A. I would look at a couple of things we look at. As one, as I mentioned of working with Spire to -- to build those relationships and to partner with them to offer programs and such like that.

There's also efficiencies that we've gained through reporting, through -- really one of the biggest gains would be a longer term. If you -- if you clearly look at what -- what was mentioned, it was like 45 or -- 45 percent, what you see in the one-year extensions, even though I think it's been great working with Staff and OPC to come up with an extension that -- that provides continuation of our program, that has come as a cost. And when I say it's a cost, it's more risk on implementation contractors that go up for a one-year contract. So if you look over time, you would see that the admin costs for a three year, it would go down. Like what we have in our plan, it would go down roughly a percentage a year for those three years. But if you look at the one-year extensions, you would see the admin costs has increased over that time because you're just guaranteeing a one-year extension for that.

Q. If the Commission hypothetically were to order the 20 percent administrative cost as suggested by OPC, how would Ameren go about complying with that?

A. Base -- I would say based on my experience, I think 20 percent would be unrealistic. And I think you do not have an apples-and-apples comparison between what we're administering and what we're doing and what the federal guidelines is. We talked about earlier in the open that our -- that federal guidelines, federal agencies, they also use other funding, whether it's donated funds or other funds to help support and add additional cost to the admin.

Even in the past, we've worked with Staff and OPC to changes where we provide funds to weatherization agencies where they needed additional funds to ramp up for federal funding where we provided that fund to cover admin costs for additional training for customers. We also provide our funds for additional above that 20 percent to go into walkaway issues. So if customers having issues with a hole in their roof or whether it's wiring or ventilation, then they can utilize those funds for that. That's part of the additional admin costs, and I think that's some of that that you may not see accounted for in the 20 percent guideline.

Q. I think earlier it was suggested that potentially Ameren could partner with community action agencies to reduce cost to administer these benefits. Has Ameren partnered with community action agencies for similar programs before, or is that something you're open to or how would you go about doing that?

A. I think that would be something we're open with. What we look at right now to support our programs, we do have open communication with them. So they do provide us like high-risk customers that may need assistance, and we'll work them to get them enrolled in our program, see if we can help.

Also one of the things we look at in our program, we're in direct parallel with our energy assistance programs, and that's our energy assistance programs with Ameren Missouri as well as with Spire. So even when we look into neighborhoods for our single-family income-eligible program or our multi-family pro -- we normally go in with that first because those customers, they're not looking for us or looking, saying, How we can we upgrade our system. They're in need for getting -- getting out of arrears or not getting in disconnection. So we normally go there and that helps give us goodwill to move the program; now we have some confidence to move forward with those customers.

CHAIR HAHN: Okay. Thank you.

THE WITNESS: Thank you.

JUDGE DIPPELL: Are there any other commissioner questions?

COMMISSIONER HOLSMAN: Judge, I have a question.

JUDGE DIPPELL: Go ahead, Commissioner Holsman.

COMMISSIONER HOLSMAN: Thank you.

QUESTIONS

BY COMMISSIONER HOLSMAN:

Q. Thank you for your testimony today. We've heard that OPC has suggested doing some sort of statewide program that would potentially require legislation but that could be, you know, put together for some efficiencies. If Ameren was to participate in a statewide program, do you think that that would help get some of those admin costs down and make the 20 percent more realistic if there was pooling of resources among all the utilities?

A. I can't answer that based on that. I can only answer based on what's in front of us with the

current MEEIA statute.
    Q.   Has Ameren ever considered looking at doing a statewide program?
    A.   We're part of a collaborative right now with the PAYS program where -- that's looking to see how we can work together statewide to create efficiencies and whatnot. But as of right now, that hasn't resulted in increased participation of customers.
           COMMISSIONER HOLSMAN: Okay. Thank you. And thank you, Judge.
           JUDGE DIPPELL: Are there other commissioner questions? Commission Mitchell, did you have a question?
           COMMISSIONER MITCHELL: Commissioner Holsman beat me to it.
           JUDGE DIPPELL: Commissioner Holsman beat you. Okay. I have just one question.

QUESTIONS

BY JUDGE DIPPELL:
    Q.   So you stated that the 20 percent wasn't necessarily a reasonable cap. Do you have a figure for if the Commission were to order a cap, what would be reasonable?
    A.   No. I mean, I think what we look at is we

normally hold our contractors to what we have within our filing. Both our -- our filing and our work of our contractors is based on performance, so if they do not perform, then they do not get paid and, therefore, customers are not paying for underperformance. So what we see is based on -- is best practice in what we're seeing within the industry as we move forward for those admin.

As I mentioned, if you rule out the -- the DR portion that is modeled as all admin and you -- and the EM&V and like potential study costs and those types of costs that are not applicable to those agencies, then we're roughly, then we're below 30 percent at this current time.

But I can't address that what would be in the future. We just look at based on the -- our plan was somewhat -- was -- well, it's not somewhat. Our plan was put together in looking at market-indicative prices as we sent out an RFP to the industry. And what we landed on is with these contractors, but we also look at the budgets that were submitted by various contractors as we zone in and work with those selected contractors to put together our plan. So we feel that the budgets that we have within -- the admin budgets that we have is indicative of

market-based pricing based on going out to market.
JUDGE DIPPELL: Are there other commissioner questions? Chair Hahn.
QUESTIONS
BY CHAIR HAHN:
Q. If the Commission were to order administrative costs at 26 percent or below, which is what you say you spend minus those other things, would Ameren Missouri continue to implement MEEIA, or would you not implement the MEEIA programs?
A. I can't address that question. That would be one we'd have to go and discuss with the team.
Q. Have you discussed internally with your team about other ways that you could potentially address reducing administrative costs? You talked about contractors. Have you thought about trying to hire teams within Ameren to do this that could potentially be more cost effective than using contractors?
A. At this time we -- we've not looked at that alternative that I'm aware of.
CHAIR HAHN: I'm grappling with this a little bit because I'm used to working with state agencies on federal grants where there are administrative caps of 3 percent. So when I hear

administrative costs in the 30s and 40 percents, I'm trying to figure out what can be done differently because -- even specifically for energy assistance programs. So I don't know. Might be worthwhile, something to explore.

JUDGE DIPPELL: Any other commissioner questions? Commission Coleman.

QUESTIONS

BY COMMISSIONER COLEMAN:

Q. I'm sorry that I've missed a little bit of this line of questioning, but if there was to be a cap, what do you think a reasonable one is, in case that question hasn't been answer -- asked yet?

A. I think that was asked, but basically my response was looking at -- because we did market-indicative pricing, we went out to the market through an RFP evaluating over 40 proposals that were sent in. We feel that what we have in the plan is the best marketplace price to implement our portfolio programs.

Q. And that's what percentage?

A. As I broke down the percentages, it's the -- the implementation contractor piece of it is roughly a little bit over 26 percent, I forget the decimal place, but roughly around that, the implementation contractor piece of the admin.

COMMISSIONER COLEMAN: Okay. Thank you. Thank you.

JUDGE DIPPELL: Any other commission questions?

COMMISSIONER MITCHELL: Just one.

QUESTIONS

BY COMMISSIONER MITCHELL:

Q. I just want to make sure I understand. So at roughly a 45 percent admin charge and a 15 percent earning opportunity out of the $600 million program, about 240 of that actually, 240 million out of 600 actually reaches the customer in some meaningful way?

A. Well, our plan was -- is $370 million is the proposed program cost --

Q. Three seventy.

A. -- of our plan. Yes.

COMMISSIONER MITCHELL: I think we heard 600 yesterday, so I'm glad you said that. Thank you.

JUDGE DIPPELL: All right. Okay. Is there any recross based on questions from the bench from Renew Missouri?

MR. LINHARES: No, thank you, Judge.

JUDGE DIPPELL: NRDC?

MS. RUBENSTEIN: No, thank you, Judge.
JUDGE DIPPELL: MECG? Consumers Council? Staff?
MS. JOHNSON: Yes, Judge, just a few.

RECROSS-EXAMINATION

BY MS. JOHNSON:
Q. You spoke about your team. How many people are employed by Ameren for energy efficiency?
A. I do not have that exact number.
Q. Is it more than ten?
A. For -- I do not know the exact number, but.
Q. Okay.
A. Yes.
Q. Thanks. Whenever you were speaking with Chair Hahn, you were talking about costs modeled in your plan.
A. Right.
Q. What's the upper limit of admin costs as proposed by Ameren?
A. Can you rephrase the question or clarification?
Q. Sure. What's the dollar value of the high end of the admin costs proposed by Ameren?
A. I'm not sure if I understand your question

exactly.
Q. Okay. Maybe this one will help. Where can the Commission find those numbers in the proposed tariff sheets?
A. In App -- in Appendix A of our filing it has the ad -- costs broken out by program costs, by admin costs, and it also has the other program costs broken out in tables within Appendix A.
Q. And where are those numbers in the tariff sheets?
A. Those numbers, I'd have to review the tariff sheets, but I don't think those numbers were provided in the tariff sheets. They're part of our filing to -- to provide the max flexibility to provide the benefits to our customers.
Q. So you're not bound by those numbers then?
A. We're bound by those numbers because that -- if the Commission sees fit to move forward, then that would be the numbers that would be tied to and the goals that we'd be seeking to get the max benefits of that we've identified over $300 million in benefits for our customers.
Q. With the flexibility that's built into your application as well. Correct?
A. With the?

Q. With the flexibility that's built into your application as well?

A. Well, I mean, I think the flexibility is as we move forward, and I think one of the things we look at is -- the Commissioner asked earlier about things that we're doing to improve our programs. Things that we're doing to improve our program is simplifying processes for our programs to move forward. I think you look at our standard program, we're simplifying the application to make it easier.

I think one of the commissioners mentioned yesterday that our single-family -- well, not a single-family -- our small-business direct install was not hitting target, but those numbers that we report is based on what was approved, even though we're improving processes and you might have small-business direct -- small-business customers participate in our -- our standard program through a simplified application process. So that simplified application process means you're also reducing costs. You're reducing admin costs over the long run. So we're --

Q. Thanks. Mr. Via.

A. -- we're operating those --

Q. Thank --

A. -- types of things.
Q. -- you for your answer.
I just want to clarify. The numbers that Ameren is bound to in their tariff sheets do not include the administrative overhead costs or any cap that would be included. Correct?
A. At this time within our filing, we do not include a cap on admin.
Q. And the tariff sheets don't include one either?
A. At this time we do -- we did not include a cap on admin as part of our application.
Q. Thank you.
Oh, just one second, Judge.
Oh, my question is about your $370 million number that you provided to Commissioner Mitchell. Does that include maximum earning opportunities or throughput disincentive cost? Is that a maximum?
A. No. The cost -- I was asked about the program cost. And what I was saying is our plan is $370 million of program costs.
Q. And what's the maximum?
A. $370 million is the maximum program cost.
Q. Not 600 million?
A. No.

Q. Is the 600 million the entire program cost? Or excuse me, the entire application cost?

A. No. There -- there is costs for -- if you look at -- if you break it down, the 370 million is program costs. There's costs for earnings opportunity, the target. I do not have the exact number in front of me. And then there's throughput disincentive costs, but those three together does not add up to $600 million.

MS. JOHNSON: Okay. We'll leave that explanation for another day. Thank you. Nothing further, Judge.

JUDGE DIPPELL: Is there any cross-examination based on bench questions from OPC?

MS. VANGERPEN: Just very briefly, your Honor. Thank you.

CROSS-EXAMINATION

BY MS. VANGERPEN:

Q. Good afternoon again, Mr. Via.

A. Good afternoon.

Q. I actually went to pick up where Staff was following up on Commissioner's Mitchell questions about the $370 million. So to clarify, the 45 percent admin costs that you referenced in response to Chair Hahn's questions, is that included in the

program costs, the $370 million program costs?
A. Yes. That's part of the 370 million, yes.
Q. Okay. So if we removed that 45 percent of admin costs, that would bring us down to about $203 million for incentives. Is that correct?
A. That's correct.
Q. Okay. And again, that -- that is one pot of money and then in addition we would have the EO and the throughput disincentive as part of this application as well. Is that correct?
A. Correct.
Q. Okay. So this application would include all three of those pots: The program costs pot of course broken down into admins and then -- admin costs and incentive costs as well?
A. Correct.
Q. Okay. Great. Thank you. And then I want to follow up on Commissioner Holsman's questions about the statewide program. Do you remember that conversation?
A. Yes.
Q. Okay. He asked you a question, if there could be a reduction in administrative costs with that statewide program. Do you remember that?
A. Yes.

Q. And -- and you mentioned that it would be uncertain if -- if there would be a reduction in admin costs.
A. Correct.
Q. Okay. But then in your questions -- when you were -- in your discussion with Chair Hahn, you had mentioned a braiding with Spire --
A. Correct.
Q. -- and a reduction in admin costs --
A. Correct.
Q. -- because of that braiding with Spire.
A. Correct.
Q. Okay. So you're uncertain though if we were to move everything to a statewide program where everyone worked together, you're uncertain if there would be a reduction in admin costs there?
A. Yeah. When I was speaking to the partnership with Spire, I was speaking of firsthand because I ran those programs, I managed those programs, so I can be specific about the benefits and the cost savings associated with that.
Going out with different utilities, with different I guess -- I guess priorities of those utilities, not knowing those priorities, going out to have an implementer -- implementation across the

state, whatnot, I cannot speak to that.

MS. VANGERPEN: Okay. That's all I have. Thank you, your Honor.

JUDGE DIPPELL: Is there any redirect?

MS. HERNANDEZ: No questions, thank you.

JUDGE DIPPELL: And let me just briefly clarify because counsel from Public Counsel mentioned EO, and that's earnings opportunity. Is that correct?

MS. VANGERPEN: That's correct. I apologize, Judge Dippell.

JUDGE DIPPELL: That's fine. Just trying to keep all of our acronyms straight. I believe that concludes your testimony on this issue and you may step down, Mr. Via.

THE WITNESS: All right. Thank you.

JUDGE DIPPELL: And then the last witness on this issue is Mr. Marke has returned back to the stand, and you are still under oath.

(Witness previously sworn.)

DR. GEOFF MARKE

the witness, having been first duly sworn, testified as follows:

JUDGE DIPPELL: Was there anything further from Public Counsel before we begin

cross-examination of Mr. Marke?
MS. VANGERPEN: No, Judge Dippell. We -- again, we would tender him for cross.
JUDGE DIPPELL: Thank you. Is there any cross-examination from Staff?
MS. JOHNSON: Yes, please, Judge, briefly.

CROSS-EXAMINATION

BY MS. JOHNSON:
Q. Good afternoon, Dr. Marke.
A. Good afternoon.
Q. If you were to assume that Ameren's portfolio is to be cost effective, should there be a cap on the administrative overhead cost for the programs included?
MS. MOORE: Again, your Honor, I'm going to object to friendly cross. His testimony already outlines this and this is only done to bolster his testimony.
JUDGE DIPPELL: I will overrule.
MS. MOORE: Thank you, Judge.
THE WITNESS: So the administrative cost overruns are a concern. I think for the obvious example, you know, that's been articulated is the Division of Energy being able to be capped at 20

percent as a state agency and then to have that more than double on the investor-end side, it raises efficiency issues.

BY MS. JOHNSON:

Q. And we've heard today that the IRA has a cap. Correct?

A. That's correct.

Q. Do you feel the IRA cap is in line with what a cap should be if one were put in place?

A. That's a good question. I personally think the IRA will have -- will struggle to meaningfully spend down that money with the 20 percent cap, but that's what they have to do. And again, it's a state agency. I mean, how you do that, there are efficiencies to be gained again from how you market this, you know, setting up a web page, getting that information out there. It would be a challenge, but clearly the federal government feels like that's the bar or the standard that they should be held to.

Q. Thank you. In your opinion how can we ensure that Ameren efficiently uses the funds that ratepayers are forced to pay for energy efficiency under this application?

A. By having these uncomfortable

conversations. I mean, quite frankly, like just -- and Staff talks about details and this is -- this is a big detail. You know, we're talking about the -- the efficiency of these programs at the end of the day. We want -- we want to be prudent stewards of, you know, finite money. You know, I often say that, you know, we can solve about any problem; we just can't solve every problem. So we've got to be very diligent about what we use our capital for.

Q. Do you feel that having a discrete administrative cap for each program listed in the tariff would assist in a prudence review?

A. Well, definitely it would make things easier. You know, the challenge here is that not all these programs are equal. You know, I talked before about, like, light bulbs being something, like, fairly simple that you go ahead and administer and we could see those energy savings. As, you know, Mr. Via had pointed out, you know, the administrative overhead for niche groups like, you know, low income tends to be much more cost intensive in terms of administrative overhead than it otherwise is for an affluent group. That -- that's going to impact the ratio. It's going to impact, you know, the cost effectiveness of these programs.

The -- the easiest issue for the Commission's consideration is to really look at any prudence review that Staff does. Staff does a great job of breaking down these administrative overhead costs per program. And it's eye opening, I mean, quite frankly.

You might have, you know, I think Ameren proposing something like 30-some-odd programs or subsets of programs. And when you look to see, well, how much -- and in some cases it's almost a hundred percent. Like, there are no incentives associated with that. All the education programs are effectively just administrative overhead. That's just a marketing technique that you throw out there. Which is again why, when we had the one-year extensions, we cut all of that fat. Like, that was the rationale behind it is we're going to minimize the cost for EM&V, which is considerable, by cutting out the fat and just focusing on the -- the prime beef programs effectively, the HVAC programs, the, you know, building shell measures.

This application throws that away and it moves back to, you know, a framework that we just believe is not relevant anymore.

Q. I'd like to clarify. You heard my conversation with Mr. Via about the difference between the caps listed in Appendix A and caps identified in a tariff being binding on the Company. Can you elaborate on that?

A. So the tariff being the -- the operative word here, I mean, is, you know, from a legal perspective, to be able to hold them accountable for, you know, the numbers that are in place. So the challenge here I think from -- from a Commission standpoint is determining, you know, what we include in with program costs.

And Ameren's testimony yesterday, you know, suggested that, you know, as these savings become tougher and tougher to get, I think we all recognize -- I don't think anybody's challenging that, that this is tougher to get the savings that we historically got from light bulbs, it's going to be more expensive. So I -- I struggle conceptually sitting here saying, Well, you know, we've got to spend three dollars to give away a dollar. And that's -- that's the challenge.

That just seems like a -- programs get cut all the time because of that at the federal level. I mean, there's, you know, the GAO is dedicated to looking at, you know, these hard questions. Government Accounting Office, sorry, probably verify that.

MS. JOHNSON: All right. That's all. Thank you. Nothing further.

JUDGE DIPPELL: Is there any cross-examination from Consumers Council? MECG? Renew Missouri?

MR. LINHARES: No, thank you.

JUDGE DIPPELL: NRDC?

MS. RUBENSTEIN: No, thank you.

JUDGE DIPPELL: From Ameren?

MS. MOORE: If I could just have one moment; I want to verify something first.

CROSS-EXAMINATION

BY MS. MOORE:

Q. I just have one question to follow up based on Staff counsel's question. And in the previous MEEIA prudencies review, there hasn't been any finding of imprudence regarding administrative costs. Correct?

A. I don't believe we've raised that issue.

MS. MOORE: All right. Thank you.

JUDGE DIPPELL: Are there any commissioner questions? Commission -- Chair Hahn.

QUESTIONS

BY CHAIR HAHN:

Q. Dr. Marke, if you could help me with some of the big numbers here that I got from Commissioner Mitchell. In this program application there's $370 million of program costs which include administrative costs. 203 million of that would be incentives that are -- dollars actually going to customers for upgrades. How much is the proposed earnings opportunity cost?

A. It's a little over $70 million.

Q. Okay. And then what about the throughput disincentive cost?

A. 121 million is the MEEIA Cycle -- it's the three MEEIA cycle averages, so give or take. The lost revenues are going to vary depending on the measures that are rebated. You know, an HVAC's going to produce more than a light bulb, so. But 121 million I think is a -- is an approximate number. So page 50 of my surrebuttal has all of this information.

CHAIR HAHN: Thank you. Page 50. Great. Thank you.

JUDGE DIPPELL: Are there any other commissioner questions?

COMMISSIONER HOLSMAN: Judge, this is Commissioner Holsman.

JUDGE DIPPELL: Go ahead, Commissioner.

COMMISSIONER HOLSMAN: Thank you.

QUESTIONS

BY COMMISSIONER HOLSMAN:

Q. Thank you, Mr. Marke. Can you talk a little bit about what savings you think are some of the low-hanging fruit if there was a statewide program where you had some of the duplication that was going to be consolidated?

A. So Mr. Via I think correctly pointed out that Spire -- the -- having programs together with Spire and Ameren has resulted in cost savings for Spire customers and for Ameren customers. I would argue that same logic, which is just economies of scale, just increases as that pot gets bigger. If you've got more utilities that are involved in this, you're doing this across the statewide program, you're cutting out two huge components, which are the cost -- literally the cost inputs into the TRC.

So the one is administrative overhead. Instead of having duplicative administrative overheads across each one of our utilities which has each -- each has an individual contractor, each one has an individual EM&V, that's -- those are cost savings right off the bat in just cutting duplicative program administrative overhead.

The other one, which I think is even more valuable, is the option of negotiated bulk buying. And that -- that is -- that is a huge, huge issue when you consider that most of the big measures are thousand-dollar-plus measures to move energy efficiency savings. So the ability to go ahead and get a bunch of HVACs at wholesale cost versus retail cost, you know, 30, 40 percent reductions. I mean, it's very significant, which would move the bottom line.

There's also --

Q. Thank you --

A. -- I would also say marketing too.

You look at like good states, you know, that do that, having a centralized message just saying like, you know, Missouri Saves, you know, or Show Me Savings, you know -- you know, which probably should trademark that. Like, that's a -- that's a very, you know, that is something that I think, you know, rings and you could get that to customers; it would help all Missouri citizens.

Q. Thank you. Is including the cost for EM&V

and the DR report, is that -- is that a cost that's the product of legislation? Is that a requirement that it be included in administrative costs?

A. No, it's not. I'm -- I mean, it -- we're -- it's not an incentive. So, you know, typically we look at, you know, benefits or incentives. Another way of looking at this is think of that in terms of supply-side investments. So on supply-side investments, we talk about op-ex and cap-ex. Cap-ex, the utility gets a return on their investment. In this case the cap-ex would be the rebates and the op-ex would be the administrative overhead. And typically utilities do not -- they don't get a return on operational expense.

Q. And I think -- would you agree that if a statewide efficiency program were to be pursued, it would require legislative action?

A. I -- I mean, that would be the easiest. I mean, that's a loaded statement. I don't think necessarily think getting the statute would be the easiest, but assuming you get a statutory change, that would be the easiest to implement is just having some assurance across the board like that. I -- I think -- that was ultimately the conclusion the stakeholders came to when we were doing the eAccelerator program is that it would ultimately require statutory changes.

Q. Do you -- do you envision a statewide program shifting some of the admin costs to a state agency? Is that -- is that the vision that you would have for a statewide program is that it would actually be ran by the Department of Energy or have some of those admin costs be absorbed by State?

A. It's a great question. No. It would be my recommendation -- so what's fascinating about this question is is that you've got Ameren Missouri's program that's being put forward here for the next three years. And then separate and aside, the Division of Energy has a program that they're putting forward.

Now, for all practical intents and purposes, they're the same entity in terms of -- I don't mean to minimize this, but they're check writers. Like, you're writing a check. We're then handing that off to a third party to go ahead and administer these programs. The difference between the two is that DE -- DE's check writing is capped at 20 percent, and they're not earning any lost revenues or an earnings opportunity on it. All of that is baked into the Ameren application, and it --

it results in a very bloated program that, from our perspective, it just becomes ultimately just a wealth transfer. So the question is --

Q. Okay.

A. -- is whether or not DE should be doing it.

I would expect DE would be a partner or one of the stakeholders involved. And if I had a magic wand, it would be -- it would be -- we'd mirror the program in Massachusetts which is called Mass Saves. There's effectively all the utilities, the OPC, the PSC, DE all have a seat at the table. But we would send out a competitive RFP for a third party to administer these programs. And that's -- that to me is the best practice. So when Mr. Linhares talks about other states that have moved forward already with these programs, it's because they have a statewide program in place.

Q. Would you then recommend that legislation to include the braiding and the stacking if the administration was done in the way that you envision it to be done?

A. Yes.

COMMISSIONER HOLSMAN: Okay. I have no further questions. Thank you, Judge.

JUDGE DIPPELL: Thank you. Are there any other commissioner questions?

COMMISSIONER MITCHELL: Just one or two --

JUDGE DIPPELL: Commissioner Mitchell.

COMMISSIONER MITCHELL: -- for me.

QUESTIONS

BY COMMISSIONER MITCHELL:

Q. Do you know of other states off of the top of your head that -- that actually do this?

A. Yes.

Q. That have statewide programs?

A. So the three that -- there's four technically. I mean, it's Oregon, Maine, Massachusetts, and Wisconsin. They're all a little bit different, but they're all statewide programs run by a third party.

Q. And do you have any, you know, feel for how they've done in terms of reducing overhead costs and --

A. Oh, yeah.

Q. -- delivering --

A. Very well. Like, these are top ACEEE programs. I mean, I -- we interact with consumer advocates; that's sort of my sanity check in states across America. And all of their consumer advocates support the programs that they're -- that they -- there's a good return on investment. It's -- it -- there's a process in place that isn't as labor intensive as what we do here in Missouri.

Q. And do you have a feel for how they do in terms of customer participation in the programs?

A. They're very strong, yeah.

Q. COMMISSIONER MITCHELL: Thank you.

JUDGE DIPPELL: Any other commissioner questions?

QUESTIONS

BY JUDGE DIPPELL:

Q. I just have one -- one question for you, Dr. Marke. OPC has proposed a 20 percent cap on administrative costs for all programs. Correct? Except for PAYS.

A. Right.

Q. And that should, OPC has recommended, be capped at 35 percent?

A. That's right.

Q. How does your proposed cap limit take into consideration when the cap is met relative to when the program goals are achieved?

A. So the easiest issue would be just at the end of the year, because that's when they're collecting it and we can -- we can true that up.

There's two ways of technically doing it. The Commission could elect to do that through the EM&V process. I would argue that would probably be the less -- less efficient way. The easiest way to do that would probably be through the prudence review process. That's just the Commission sets a cap number and the -- the Commission Staff does exactly what they've always been doing and they just break down the differences between program overhead versus incentives. At the end of the day, if that number exceeds it, then those are num -- those are dollars that would be disallowed as imprudent.

JUDGE DIPPELL: Okay. Thank you. Is there any further cross-examination based on questions from the bench from Staff?

MS. JOHNSON: Nothing further, Judge, thank you.

JUDGE DIPPELL: Consumers Council? MECG? Renew Missouri?

MR. LINHARES: No, thank you, Judge.

JUDGE DIPPELL: NRDC?

MS. RUBENSTEIN: No, thank you, Judge.

JUDGE DIPPELL: Ameren?

FURTHER RECROSS EXAMINATION

BY MS. MOORE:

Q. I just want to follow up on your calculation for the 600 million. I'm sorry, did you say the throughput disincentive was 85 million?

A. No.

Q. Did you look at the amended application?

A. So I didn't say -- I said 121 million.

Q. Could you look at page 66 of the amended application?

A. I don't have the amended application in front of me.

Q. Will you accept, subject to check, that the maximum amount for the throughput disincentive is 85 million?

A. You have a -- you have a cap on your throughput disincentive? That seems --

Q. I think we discussed this yesterday as well in terms of the earning opportunity, the maximum amount of 70 -- or $70 million you haven't seen the -- Ameren hit that, have -- in previous MEEIA cycles. So in other words --

A. I'm --

Q. -- that 70 million is just a target in past MEEIA cycles; the Company hasn't met that

maximum target?
A. My understanding is if you do everything that you're supposed to do, it's a little over $70 million. Whether the Company gets exactly a little over $70 million or close to it, my professional experience with Ameren is they get darn close to it if not to it.
Now, as far as a cap on the lost revenues, I can test that. I don't think there is any cap on lost revenues, and I would be shocked to find out that there is. I -- I don't know how you would calculate it absent -- I mean, you've got to go --
Q. But your --
A. -- you've got a rebate --
Q. -- throughput disincentive was at 125 million?
A. One. So if I may explain where that number came from.
Q. Yes.
A. That 121 is the average of your -- each subsequent MEEIA cycle you've had. I took all of the lost revenue --
Q. But I thought we were talking about this application.
A. So nobody today knows what your lost

revenue dollar amount's going to be until you do it. So I am operating under the assumption that your application is more or less in line with what you've done before. I think reasonable minds can say that there might be a variance say 10, 20 percent or 20 million one way or the other, but it is a good proxy from my professional perspective.

Q. But what is included in the plan?

A. Nothing.

Q. So you didn't -- you're not aware of the paragraph on page 66 that outlines how the throughput disincentive was calculated using the past five years of the customers' bills over 12 months and the Company had estimated that for 85 million?

MS. VANGERPEN: Judge Dippell, I'm going to object here. Dr. Marke has said that he doesn't have the amended application in front of him, and so if Ameren wants to continue this, I would ask that they at least make that available to him.

JUDGE DIPPELL: We can get that available, but she was in the process of asking him if he was familiar with that particular paragraph. If he's -- if he can't recall it, then yes, let's get the amended application.

THE WITNESS: I will take you at your

word that it says that. I don't agree with it based off of your historical performance. So --
BY MS. MOORE:
Q. Well, that's okay. We've identified what the discrepancy is.
A. Okay.
Q. But then, yeah. I couldn't do this off the top of my head, but I think our numbers, there's a disparity there. There's a Delta between -- okay.
Your Honor, I have no further questions.
JUDGE DIPPELL: And just for the record, Dr. Marke was shaking his head yes --
THE WITNESS: I was shaking my head yes in confirmation, yes, sorry.
JUDGE DIPPELL: -- in agreement.
All right. All right. Well, I believe that is -- oh, I'm sorry. Is there redirect?
MS. VANGERPEN: Not at this time, thank you, your Honor.
JUDGE DIPPELL: Okay. Then that concludes your testimony on this issue, Dr. Marke, and you may step down. And we can proceed then with our final issue for the day which is Earnings Opportunity.
MS. VANGERPEN: Judge Dippell, could we

ask for just a short five-minute recess before we start the next issue please?

JUDGE DIPPELL: Sure.

MS. VANGERPEN: Thank you.

JUDGE DIPPELL: Let's go ahead and take a very short break, five minutes, come back at 20 after.

(Off the record.)

JUDGE DIPPELL: Let's go ahead and go back on the record. Okay. We have returned, and we are ready to begin our next issue which is Earnings Opportunity. And I guess are there mini opening statements for Earnings Opportunity? Yes. Okay. Then let's begin with the Company.

MR. HOLTHAUS: May it please the Commission. As Judge Dippell noted, next on the schedule is issue four, Earnings Opportunity.

Staff has raised the question if the Commission determines that Ameren Missouri may implement a fourth MEEIA cycle, should the Commission authorize an earnings opportunity. Under the MEEIA statute, Section 393.1075.3, the answer is yes. And the statute doesn't leave room for debate on this. MEEIA provides, The Commission shall provide timely earnings opportunities associated with cost-effective, measurable, and verifiable efficiency savings. In addition, the Commission rules provide that the Commission shall order any earnings opportunity component of a demand-side programs investment mechanism simultaneously with the approval of the demand-side programs in accordance with 4 CSR 240-20.094.

In its position statement filed last week OPC acknowledges this statutory earnings opportunity requirement. Staff, on the other hand, argues that Ameren Missouri should only receiving an earnings opportunity to the extent that the MEEIA 4 cycle reduces, defers, or avoids future investment opportunities. The MEEIA statute, however, simply does not require this.

Ameren's revised Appendix N outlines the performance metrics that trigger Ameren Missouri's earnings opportunity. This proposed earnings opportunity is structured similar to the earnings opportunity from the first three years of the third MEEIA cycle. The fourth MEEIA cycle includes an EM&V process for measurable and verifiable energy savings to verify Ameren met the performance metric.

Now, to check the reasonableness of Ameren's earnings opportunity, Ameren conducted a benchmarking study and an analysis of foregone earnings. Ameren's proposal is the only proposal that aligns Ameren Missouri's incentives with the interest of Ameren Missouri's customers in using energy more efficiently.

Staff and OPC frame the earnings opportunity as an additional layer of compensation stacked on top of earnings that Ameren Missouri recovers on investments in capital projects. The earnings opportunity, however, recognizes that demand-side resources are part of a portfolio of resources used to meet customers' energy and capacity requirements. The earnings opportunity component of the demand-side programs investment mechanism, or DSIM, is intended to result in treating the demand-side elements of the portfolio on an equal footing with the supply-side elements of that portfolio by creating earnings to substitute for earnings on the incremental supply-side investments that would have to be made absent these demand-side management programs.

Importantly Ameren Missouri estimates approximately 4 billion in avoided net present value of revenue requirement associated with the implementation of MEEIA over the coming 20 years.

The concept is that the utility shares the savings with customers as an incentive for the utility to encourage customers to use less electricity.

Staff and OPC argue that Ameren Missouri gets all the reward and bears no risk. By implementing demand-side programs, however, Ameren is bearing real risk to its revenue new requirement by encouraging customers to use less electricity. This is a detail that Staff and OPC have omitted.

Moreover, Ameren Missouri is obligated to the spend the MEEIA investments prudently. And if it fails to do so, then the Commission may, through a prudency review, make Ameren Missouri bear the risk for imprudent spending.

Staff and OPC also focus on the customers bearing risk of the performance of these programs, but this stands in stark contrast to the risk that customers would bear of an expected 4 billion increase in the net present value of revenue requirement absent these programs.

JUDGE DIPPELL: Are there any questions for Ameren's attorney? I don't see any. Thank you. Is there an opening statement from Staff?

MS. JOHNSON: Yes, please. Good afternoon. May it please the Commission. Again, I'm

Tracy Johnson from Staff Counsel's Office, and I'd like to provide you with a brief run through of the earnings opportunity issue from the perspective of Staff. That's issue number four in this case.

So first off, the MEEIA statute. You heard Ameren's attorney cite to it for you, and I'd like to read a section specifically. So this is subsection 3 of 393.1075 and it says under subpart 3 of sub 3, Provide timely earnings opportunities associated with cost-effective, measurable, and verifiable efficiency savings.

Cost effective, measurable, and verifiable. Yesterday we struggled to establish cost effectiveness. We struggled with how to measure benefits. We struggled with how we could possibly verify assumptions that were made in documents that Ameren uses to support a large portion of the analysis required for this application. But to continue, let's assume the statutory burden has been met by Ameren in this application, even though Staff is not of the opinion that it does meet the statutory requirements.

Now I'd like to discuss the foundation of an earnings opportunity. An earnings opportunity is to compensate shareholders for a return not earned on an investment not made if a MEEIA cycle is not reducing, deferring, or avoiding investment opportunities. An earnings opportunity would not be appropriate even if that cycle was initially assumed to do so and an earnings opportunity was originally included in the program design.

We established yesterday in our conversation with Mr. Lozano that we're not talking about an investment opportunity being avoided or reduced. There might be a deferral. So to keep things simple, I'm going to stick to a discussion of deferral. As is our task at hand, let's get to the details. We're starting with some major assumptions. Statutory requirements for an earnings opportunity are met. And an even bigger assumption, a deferral of a supply-side resource will take place.

So if we clear those two hurdles, I want you to watch out for an oversimplification here. Avoided costs for ratepayers, that's funds not needed if a supply-side resource is not built, do not automatically result in earnings opportunities for shareholders. Earnings opportunities for shareholders are the portion of their investment they would have received back as a return if they had been able to invest in the new build in the first place.

Earnings opportunity is designed to make shareholders whole for losing out on the chance to invest. This means they must have lost out on making the investment in the first place. Since Ameren cannot identify a supply-side investment that's being reduced or avoided and this application only very shakily suggests that there might be a deferral, it's highly unlikely that an earning opportunity is warranted here. Shareholders are not losing out on any investment opportunity in this Cycle 4 application.

But since we've assumed statutory compliance and assumed the deferral of the unidentified supply-side build that may or may not happen, let's keep going and discuss assumed earnings opportunity from an assumed deferral. Are you with me? How long would this hypothetical deferral be for? A few years? So the lost investment opportunity would be limited to a portion of a return shareholders would have earned on the theoretical investment during those few years of deferral time that allegedly might occur because of the MEEIA cycle opportunity to invest that was lost.

That opportunity to invest is not lost forever. The shareholders will have plenty of options to make money off future investments because, as you heard yesterday, the supply side of things is not decreasing. And it appears for this application from all the assumptions that we've had to make to get to this point, the supply side isn't being deferred at all.

With the devil being in the details as we've talked about, let's look over one more set of details regarding Ameren's ability to impact the huge earnings opportunity in this application. In Appendix N to this application the earnings opportunity is grouped into four groups, four buckets if you will. All the programs in the energy efficiency portfolio are organized into just those four buckets. You heard Dr. Marke -- realize -- or excuse me -- recognize that there's over 30-some-odd programs in this portfolio organized into just four buckets.

Okay. Now pay attention to this bait and switch. The application is based on a specific number of measures for each program that have individual targets per program. But the earnings opportunity is calculated using only those four buckets with benchmarks that are set by Ameren and with an application that allows for the flexibility for Ameren to move programs across buckets to maximize their earnings opportunity despite underperforming programs instead of what should be the focus, ratepayer benefits.

Staff is not all right with all of the assumptions that we've made. Statutory requirements are not met, deferral of supply-side investments have not been proved, and the earnings opportunity is not warranted. Thank you. I'm happy to take questions.

JUDGE DIPPELL: Are there any commission questions? I don't see any. Thank you.

MS. JOHNSON: Thank you.

JUDGE DIPPELL: Is there an opening from Renew Missouri?

MR. LINHARES: I have no opening in this topic, thank you.

JUDGE DIPPELL: NRDC? Not hearing anything. MECG? Consumers Council? Office of Public Counsel?

MS. VANGERPEN: Yes.

JUDGE DIPPELL: Go ahead.

MS. VANGERPEN: Good afternoon, again, Chair Hahn, Judge Dippell, Commissioners. We've reached the issue of Earnings Opportunity.

Again, as I mentioned in my main opening, the best way to think about this issue is through the lens of risk and reward. You might remember from my main opening that I had a teeter-totter up on my slide. Here Ameren's ratepayers effectively bear 100 percent of the risk of the MEEIA -- that the MEEIA programs will not work. They fund the program costs themselves as well as the throughput disincentive and the earnings opportunity. If the programs fail to induce the savings that Ameren has promised, those same ratepayers will also face higher rates that accompany the need to build additional generation. It's a very heavy load to bear.

But who gets the sure reward with MEEIA. Ameren's shareholders do. They are the ones who receive the earnings opportunity. In this case specifically Ameren's earnings opportunity asks that its shareholders recover approximately 19 percent of the program costs as an earnings opportunity. If we remove the admin costs that we just talked about from those program costs, that return percentage increases significantly. This is certainly a much better return than the 8 to 10 percent those shareholders would get in most rate cases where they actually bear some risk. Ameren's earnings opportunity is not in line with the risk that it bears when it comes to

MEEIA. Rather, Ameren's ratepayers bear the risk, but Ameren's shareholders get the reward.

Again, I would encourage you to ask any questions that you have of the OPC's Dr. Geoff Marke, and I'm happy to answer any questions that you have.

JUDGE DIPPELL: Any commission questions at this time? Don't see any. Thank you.

MS. VANGERPEN: Thank you.

JUDGE DIPPELL: Okay. I have on the witness list Steve Wills for Ameren. Is that correct?

MS. HERNANDEZ: Correct.

JUDGE DIPPELL: And has Mr. Wills testified already?

MS. HERNANDEZ: He has.

JUDGE DIPPELL: Then you were previously sworn and will remain under oath for our purposes of this proceeding.

(Witness previously sworn.)

STEVEN WILLS

the witness, having been first duly sworn, testified as follows:

JUDGE DIPPELL: Any other preliminaries before cross-examination?

MS. HERNANDEZ: No.

JUDGE DIPPELL: All right. Is there any cross-examination from Renew?

MR. LINHARES: No, thank you.

JUDGE DIPPELL: NRDC?

MS. RUBENSTEIN: No, thank you.

JUDGE DIPPELL: Consumers Council? MECG? Staff?

MS. JOHNSON: No, thank you.

JUDGE DIPPELL: Office of Public Counsel?

MS. VANGERPEN: No, thank you.

JUDGE DIPPELL: Are there any commissioner questions for Mr. Wills?

COMMISSIONER MITCHELL: Judge, I have just one.

QUESTIONS

BY COMMISSIONER MITCHELL:

Q. Can you just sort of walk me through or help me understand the 4 billion in cost avoidance?

A. Yeah. I'd be happy to do that at a high level. Mr. Michels is going to testify right after me, is our, really our IRP expert who wrote the nuts and bolts where those calculations happen, but essentially in our integrated resource plan -- and again, I'll -- I'll give you a certain level of depth and if you need more of it, I'd invite you to --

Q. Sure.
A. -- talk to Mr. Michels --
Q. Fair enough.
A. -- about that.
So, you know, we look at a variety of options for how we're going to meet our customers' needs going forward, considering a variety of different supply-side technologies that we might invest in, in addition to demand-side resources. So these programs that you hear -- hearing about today, these are all different ways that we can meet our customers' needs. And we develop a variety of portfolios of resources to test the relative strengths and weaknesses of those in terms of cost and other -- other metrics that are important to help us determine on our preferred resource plan for how we're going to meet customers' needs going forward on a cost-effective basis.
So when you look at that, the integrated resource plan where you have a variety of portfolios, our preferred resource plan includes this investment in energy efficiency that we're all here talking about today. The comparison of demand side to supply side is best characterized in our IRP by another plan that we've developed that includes no -- no

demand-side programs. So it's -- the needs of customers are -- are filled with different resources.

So our preferred plan is one called Plan C; it's just -- they're just labeling of our plans, of the different approaches and mix of resources that we might deploy to meet our customers' needs. Plan C is our preferred plan that includes this. If you look at Plan I which is the no-DSM plan, so there's no investment in ener -- in demand-side programs, there are two additional supply-side resources. One is a gas combustion turbine, and one is a gas combined-cycle unit that are added to the 20-year planning horizon if we're not doing demand-side programs. And there's also a movement in years of a -- of another gas unit, I believe the combined cycle from 2032 or '3. Mr. Michels would know the years perfectly off the top of his head I'm sure, but I believe it's 2033 to 2038, subject to Mr. Michels' confirmation on -- on that I have the years correct on that.

So what we do then is with those plans is we run those through -- and Mr. Michels could tell you exactly how many different scenarios of -- of market prices, fuel prices, you know, environmental regulations, a variety -- a host of different planning environment assumptions so we can see in high price energy markets, in low price energy markets, across the spectrum of different potential future outcomes, which -- you know, what will be the cost of this plan. So there are a lot of assumptions, but there's also a lot of testing of ranges of assumptions in there and -- and, you know, testing it across different alternate futures.

So what we do is we bring that back -- bring those cost calculations back, calculating the revenue requirement under each of these plans, under each of these scenarios and bring that back to a probability weighted average net present value of revenue requirement for each -- for each of the plans. And what that is is the -- the expected value of the cost of serving our customers given this approach that's reflected on that resource plan.

And so when you compare the net present value of the revenue requirement that in -- which of Plan C, which is our preferred plan that includes demand-side management, versus that Plan I which is our plan that has the two additional gas plants and the deferral of a third gas plant explicitly tied to demand-side savings, the -- the net present value of revenue requirement is four point -- I think it's 4.197 -- I might have decimals wrong -- higher in Plan I than it is in Plan C. So that's where that number is coming from.

Q.   So fair to say that that assumes that no energy efficiency programs would go forward in the future from now on, or is that just for this three-year period?

A.   That's a -- that's a look at no demand-side programs going forward. What we've seen is that demand-side programs, they -- they're not things that you turn on and off really easily and that you can add a lumpy addition that, Oh, I'm going to go -- if I need 500 megawatts, I'm not going to get 500 megawatts deployed.

So the way we analyze demand-side programs is with a sustained investment in that because, you know, this resources is deployed in a million different micro-transactions where one -- one residential customer puts in a new air conditioner, a business invests in new process control equipment. So you can't go out and do all of those things at once, so you look at building that resource across time. So the -- the look that we make at our demand-side programs considers a sustained investment in that to achieve those savings over time that are capable of deferring -- deferring and avoiding future resources.

If you look in my -- in my rebuttal testimony, in our last portfolio, our MEEIA 3 plan that was approved, in our application there we did an approach where we looked at piecemeal if you stopped and started each of the programs, you know, in these three-year cycles you did one cycle but not another, and what you always found was that it was the compounding effect that created the greatest, you know, deferral of future resources, rather than just waiting and doing the, you know, a cycle -- you know, skipping a cycle and doing additional cycles in the future.

So we really genuinely believe that this resource has to be a commitment that you sustain over time and you build again through these hundreds of thousands or millions or however many micro-transactions are happening with individual customers, taking these actions to reduce their energy consumption.

COMMISSIONER MITCHELL: Thank you.

JUDGE DIPPELL: Were there any other commissioner questions? Chair Hahn.

QUESTIONS

BY CHAIR HAHN:

Q. I had a different one, but I'm going to pick up first where Commissioner Mitchell left off. So the plan with no demand-side management, does that get rid of all -- that gets rid of demand-side management which is separate from energy efficiency. So does it get rid of all of that and that combined effect is the two additional plants, or does it get rid of one or the other?

A. So demand-side management, when I use that term it's an umbrella over energy efficiency and demand response. So if you're thinking of demand response --

Q. Demand response.

A. -- typically --

Q. Thank you.

A. Yeah. Demand-side management is kind of an umbrella term we use for both of those. So it's -- yeah. It's getting rid -- it's both.

Q. Okay. So it would get rid of both. But if the Commission chose to keep the demand response programs in place and not the energy efficiency programs, what would your thought be about that -- the outcome of that?

A. I don't know that we have -- I mean,

Mr. Michels might know something I don't know about a scenario that we've run on that. I mean, I think if you look at our planned savings here, the capacity savings for this plan are about, I mean, very ballpark, roughly 50/50 between energy efficiency and demand response. I'm sure the record shows exactly what that split is, so, but just to give you an order of magnitude, I think it's about half and half.

So, I mean, I think they're both -- you know, we talked about yesterday that the demand response is immediate, right. We have that resource next year. So it's more of a short -- a short term whether we have -- you know, we'll -- it'll impact our needs on a short-term basis. The energy efficiency will impact our -- our needs in I'd say roughly equal amounts, but over a long term rather than a short-term horizon.

Q.   Okay. Thank you for that.

A.   Uh-huh.

Q.   Also the one question that came up that Ms. Johnson highlighted in her opening was about the programs being in buckets, but that the programs could be moved between the buckets to hit the earnings opportunity targets. Talk to me about that.

A.   Yeah. I'll talk to you -- I will -- I'll answer your question. I do think you should also talk with Mr. Lozano about that as he -- as he manages the programs. But I think -- I'll try to channel a little bit of what I think Mr. Lozano would say is that, you know, we're not doing that -- we're not asking for that flexibility to -- to hit an earnings goal. We're doing it to achieve savings targets that produce the savings for customers.

I mentioned this is, you know, thousand -- I said millions; I -- I don't know that it's literally millions of micro-trans -- but it's thousands or tens of thousands of individual customer actions. We're -- we're forecasting those in this process, right. And so, you know, I think Staff would like us to tell the exact number of each measure of each type in each program that we're going to put in three, five years out. The reality of these programs is that when you're dealing with a million different customers on systems who each have their own needs and their own opportunities to save energy, you have to design these programs with some flexibility to check and adjust and meet customers where they are to produce the savings.

So the -- the flexibility that we're requesting is not about, hey, how can I make sure I

get my earnings. It's how can I actually avoid energy and avoid capacity by adjusting to market conditions and being able to deliver the measures that are needed in the market at any given time. And yeah, we could put a number in the tariff that says you'll do exactly this many air conditions, but that -- that's not a conducive way to actually operate a marketing program where you have to actually go out and recruit participation. And you may have to adjust -- adjust to marketing conditions.
Q. How is this approach, the bucket approach, you know, this conversation similar or different to Cycle 3 and how it was done?
A. Again, I might defer a little bit to Mr. Lozano. I -- I believe it's very similar, but I -- he'd be closer to the details on the comparisons between the two cycles.
CHAIR HAHN: Thank you.
JUDGE DIPPELL: Are there any other commissioner questions? All right. Is there further cross-examination based on those bench questions from Renew?
MR. LINHARES: No, thank you, your Honor.
JUDGE DIPPELL: NRDC?
MS. RUBENSTEIN: No thank you.

JUDGE DIPPELL: MECG or Consumers Council? Staff?

MS. JOHNSON: Nothing further.

JUDGE DIPPELL: Public Counsel?

MS. VANGERPEN: No, thank you.

JUDGE DIPPELL: Is there redirect?

MS. HERNANDEZ: No, thank you.

JUDGE DIPPELL: All right. I think that concludes your testimony on this issue, Mr. Wills. You may step down.

THE WITNESS: Thank you.

JUDGE DIPPELL: Given that it's ten till 5:00 let me ask quickly if there are any of the witnesses for this issue that you're like, we're not going to have any cross-examination for these witnesses? Not seeing anybody taking me up on that one. So, okay. I think we probably will just go ahead and conclude for the night since we just have about ten minutes before 5:00 and we can let everybody get where they need to be for the local public hearing later.

Are there any other preliminary or any conclusory matters for the day? I still have an outstanding motion to strike, and I will relay that to Judge Pridgin. And we will plan to resume this hearing at 10:00 in morning. Are there any other issues before we adjourn for the evening? Okay. Seeing none, we will go off the record.

(Off the record at 4:50 p.m.)

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CERTIFICATE OF REPORTER

STATE OF MISSOURI)
COUNTY OF CALLAWAY)

I, Shelley L. Bartels, a Certified Court Reporter, CCR No. 679, do hereby certify that I was authorized to and did stenographically report the transcript of proceedings; and that the foregoing transcript, pages 1 through 170, is a true record of my stenographic notes.

I FURTHER CERTIFY that I am not a relative, employee, or attorney, or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 30th day of July, 2024.

Shelley L Bartels

Shelley L. Bartels, CCR 679

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