

Exhibit No.:
Issue(s): PAYs Program;
Tariff Changes
Witness: Shelly R. Harmon
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Union Electric Company
File No.: GR-2024-0369
Date Testimony Prepared: April, 4, 2025

MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. GR-2024-0369

REBUTTAL TESTIMONY

OF

SHELLY R. HARMON

ON

BEHALF OF

UNION ELECTRIC COMPANY

D/B/A AMEREN MISSOURI

**St. Louis, Missouri
April, 2025**

REBUTTAL TESTIMONY

OF

SHELLY R. HARMON

FILE NO. GR-2024-0369

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Shelly R. Harmon. My business address is One Ameren Plaza,
1901 Chouteau Ave., St. Louis, Missouri.

**Q. Are you the same Shelly R. Harmon that submitted direct testimony in
this case?**

A. Yes, I am.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to address proposed changes to the residential
Pay As You Save (PAYS®) natural gas program so that it aligns with the electric PAYS
program. The Missouri Public Service Commission approved the electric PAYS® program in
File No. EO-2023-0136 on November 14, 2024, and my testimony explains these updates.
Additionally, I explain the tariff changes that reflect these updates.

Q. Are you sponsoring any schedules in connection with your testimony?

A. Yes, I am sponsoring, and have attached to my rebuttal testimony, the following
schedule:

- Schedule SRH-R1 – Exemplar Tariffs for PAYS® and Income Eligible
Programs – Clean and Redline versions.

1 **Q. What changes to the PAYs program is the Company proposing at this**
2 **time?**

3 A. As I explained in my direct testimony, the PAYS[®] Natural Gas program is
4 co-delivered with the electric PAYS[®] program. At the time my direct testimony was filed,
5 an order had not been issued in File No. EO-2023-0136, which is Ameren Missouri's
6 Missouri Energy Efficiency Investment Act ("MEEIA") Program for electric energy
7 efficiency and demand side programs. As part of the Non-Unanimous Stipulation and
8 Agreement filed on October 30, 2024, the PAYS[®] program was modified to include
9 extending the length of customer payback and allowing for early payoff. *See Non-*
10 *Unanimous Stipulation and Agreement* filed October 30, 2024, in File No. EO-2023-0136
11 at 5. To align the natural gas and electric PAYS[®] program the Company proposes to extend
12 the length of a customer's payback to match the electric payback, which is now 15 years
13 and to give customers the ability to pay off service charges early.

14 **Q. What are the benefits of increasing the payback of the service charge from**
15 **12 to 15 years?**

16 A. Customers will benefit from increasing the duration of the payback to 15 years
17 because the cost for upgrades and savings will be spread over a longer term. The benefit will
18 manifest itself as either a lower monthly payback amount or a reduced co-pay that customers
19 may have to pay. Aligning the electric and natural gas payback to 15 years also makes the
20 programs easier to administer.

21 **Q. Please explain the changes that are included in the natural gas energy**
22 **efficiency exemplary tariffs?**

23 A. Changes to the exemplary tariffs include the following:

1 o Changes to the duration of the service charge from 12 years to 15 years and
2 the ability for customers to pay off service charges early for the PAYS[®] program to
3 align with the PAYS[®] electric program design as part of the Non-Unanimous
4 Stipulation and Agreement – File No. EO-2023-0136 that was approved on November
5 14, 2024.

- 6 o Changes to definitions to more clearly define roles of the Company, the
- 7 Administrator, the Implementation Contractor, and Program Partners.
- 8 o Clarification of PAYS[®] as being co-delivered with electric programs.
- 9 o Minor changes to align with electric PAYS[®] tariff.
- 10 o Inclusion of the Income Eligible programs.

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

12 A. Yes, it does.

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UNION ELECTRIC COMPANY

GAS SERVICE

Applying to MISSOURI SERVICE AREA

Residential Pay As You Save® Program

PURPOSE

The objective of the Pay As You Save® Program (Program) is to promote the installation of energy efficient Measures and increase deeper, long-term energy savings and bill reduction opportunities for Participants through a tariffed on bill charge tied to the meter.

DEFINITIONS APPLICABLE TO RESIDENTIAL PAY AS YOU SAVE® PROGRAM ONLY

Analysis - Initial Program visit, walk through and report, Tier 1 upgrades, and customer education.

Assessment - Detailed home performance data collection, analysis of qualifying upgrades, and preparation and one-on-one presentation of Program offer.

Co-Delivery (Co-Delivered) - The collaboration between the gas and electric programs to deliver the program cohesively through delivery and shared costs.

Efficiency Upgrade Agreement - Agreement signed by Participants (who own the property) defining customer benefits and obligations, including Service Charges and duration of payments.

Energy Efficiency Plan (Plan) - Prepared by Program Administrator to identify recommended upgrades.

Estimated Life - The expected duration in years of the savings for each individual ~~m~~Measure.

Implementation Contractor - The Company or entity selected by the Program Administrator that specializes in the implementation and delivery of energy efficiency programs.

Measure - The replacement of less efficient natural gas equipment with high efficient ENERGY STAR® Qualified natural gas equipment and other high efficiency equipment and building shell ~~m~~Measures.

Participant - An energy-related decision maker who implements one or more end-use Measures as a direct result of a demand-side program.

Program Administrator - The Company or entity selected by the Company to provide program design, promotion, and administration, ~~implementation, and delivery of~~ services.

Program Partner - ~~A~~ retailer, distributor, or other service provider that the ~~Implementation Contractor~~ ~~Company or the Program Administrator~~ has approved to provide ~~specific~~ program services ~~through execution of a Company approved service agreement.~~

Property Notice - Attached by the Program to property records outlining benefits and obligations associated with the upgrades. In jurisdictions in which the Program cannot attach a Property Notice to property records, and in any case where a

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UNION ELECTRIC COMPANY

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subsequent tenant is executing a rental agreement, Property Notice form must be signed by successor customer or purchaser indicating they accept benefits and obligations associated with the upgrades at the location before the sale or rental of the property.

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UNION ELECTRIC COMPANY

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Residential Pay As You Save® Program (Cont'd.)

DEFINITIONS APPLICABLE TO RESIDENTIAL PAY AS YOU SAVE® PROGRAM ONLY (Cont'd.)

Owners Agreement - A separate required document indicating the owner's obligations (if Participant is not the building owner).

Project - Scope of work determined by the Program based on home characteristics, program data collection, and analysis.

Qualifying Project - Project scope of work meeting Program criteria (Project cost, including Program Partner pricing, Program fees, and interest, is equal to or less than 80% of the estimated post upgrade cost savings from all major fuel sources, over 80% of the upgrade Estimated Life).

Service Charge - Monthly charge assigned to the premises recovering Program costs for upgrades, fees, any required taxes, cost of capital for financing of three percent (3%), or costs for customer-caused repairs as described in section 4.

AVAILABILITY

~~This~~ Co-Delivery Program is available to qualifying customers receiving service under the Residential Service Rate up to the financed amounts. The Program is Co-Delivered with the electric Pay As You Save® program and will conclude at the same time that the electric programs conclude.

In order to qualify as a Participant, customers must either own the building or the building owner must sign an Owner Agreement agreeing to not remove or damage the upgrades, to maintain them, and to provide Property Notice of the benefits and obligations associated with the upgrades at the location to the next owner or customer before the sale or rental of the property.

Projects that address upgrades to existing buildings deemed unlikely to be habitable or to serve their intended purpose for the duration of Company's cost recovery will not be approved unless repairs are made by the building owner that will extend the life through the Company's cost recovery period. If a building is a manufactured home, it must be built on a permanent foundation and be no more than twenty-five (25) years old ~~fabricated after 1982~~ to be eligible.

PROGRAM DESCRIPTION

The Company will hire a Program Administrator to ~~administer~~implement this Program. The Program Administrator will hire an Implementation Contractor who will provide the necessary services to effectively implement the Program.

1. Participation: To become a Participant in the Program, a customer must: 1) request from the Company an analysis of qualifying upgrades, 2) sign the Efficiency Upgrade Agreement and implement any Qualifying Project that does not require an upfront payment from the Participant as described in section 2(c).

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Residential Pay As You Save® Program (Cont'd.)

PROGRAM DESCRIPTION (Cont'd.)

1. Participation: (Cont'd.)

- a. The owner must agree to have a Property Notice attached to their property records through either i) Owners Agreement if the Participant is not the owner or ii) as part of the Efficiency Upgrade Agreement if the Participant is the owner.
- b. Failure to obtain the signature on the Property Notice form, of a successor customer who is renting the premises or a purchaser, indicating that the successor customer received Property Notice will constitute the owner's acceptance of consequential damages and permission for a tenant or purchaser to break their lease or sales agreement without penalty.
- c. The customer authorizes the use of energy usage history (from the utility or utilities of all major fuel sources) by the Program Administrator in order to true up its energy analysis and determine qualifying recommendations.

2. Energy Efficiency Plans: The Program Administrator~~Company~~ will have its Implementation Contractor~~Program Administrator or Program Partner~~ perform an assessment and prepare a Plan identifying recommended upgrades to improve energy efficiency and lower energy costs.

- a. **Net savings:** Recommended upgrades shall be limited to those where the annual Service Charge, including program fees and applicable charges for capital, are no greater than 80% of the estimated annual savings to a participating customer based on current retail rates for all major fuel sources, including electric and propane savings as well as natural gas.
- b. In cases of co-delivery, program administration costs and financed project costs will be allocated to the natural gas and electric budgets, respectively.
- c. **Copay option:** In order to qualify a Project that does not meet the criteria for a Qualifying Project, customers may agree to pay the portion of a Project's cost that prevents it from qualifying for the Program as an up-front payment to the Program Partner. Company will assume no responsibility for such up-front payments to the Program Partner.

3. Analysis fee: The Company will not recover Analysis fee costs from participants through a Service Charge. ~~Analysis fee costs will be treated as Program Administrative costs.~~

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UNION ELECTRIC COMPANY

GAS SERVICE

Applying to MISSOURI SERVICE AREA

Residential Pay As You Save® Program (Cont'd.)

PROGRAM DESCRIPTION (Cont'd.)

4. **Service Charge:** The Company will recover the costs for its investments including any fees as allowed in this tariff through a monthly Service Charge assigned to the premises where upgrades are installed and paid by the current Participant or any future successor occupying that location until all Company costs have been recovered. The Service Charge will also be set for a duration not to exceed the greater of i) the length of a full parts and labor warranty or ii) 80 percent (80%) of the estimated life of the upgrades, and in no case longer than fifteen (15)~~twelve~~ years, except in cases discussed in section 4. The Service Charge and duration of payments will be included in the Efficiency Upgrade Agreement.
- a. **Cost Recovery:** No sooner than 45 days after approval by the Company or its Program Administrator, the Participant shall be billed the monthly Service Charge as determined by the Program. The Company will bill and collect the Service Charge until cost recovery is complete except in cases discussed in section 4. Prepayment of Service Charges will not be permitted. Early payoff for Services Charges will be permitted.
 - b. **Eligible Upgrades:** All upgrades must have Energy Star certification, if applicable.
 - c. **Ownership of Upgrades:** During the period of time when the Service Charge is billed to customers at locations where upgrades have been installed, the Company will retain ownership of the installed upgrades. Upon completion of the cost recovery, ownership will be transferred to the building owner.
 - d. **Maintenance of Upgrades:** Participating customers and building owners (if the customer is not the building owner) shall keep the installed upgrades in place, in working order, and maintained per manufacturer's instructions for the duration of the cost recovery. Participating customers shall report the failure of the installed upgrades to the Program Administrator, Implementation Contractor or Company as soon as possible. If an upgrade fails, the Implementation Contractor~~Company~~ is responsible for determining its cause and for repairing the equipment in a timely manner. If the owner, customer, or occupants caused the damage to the installed upgrades, they will reimburse the Company as described in section 4.
 - e. **Termination of Service Charge:** Once the Company's cost recovery is complete, Company will discontinue the Service Charge, except as described in section 4(g).

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UNION ELECTRIC COMPANY

GAS SERVICE

Applying to MISSOURI SERVICE AREA

Residential Pay As You Save® Program (Cont'd.)

PROGRAM DESCRIPTION (Cont'd.)

4. Service Charge: (Cont'd.)

- f. **Vacancy:** If a location at which upgrades have been installed becomes vacant for any reason and gas service is disconnected, the Service Charge will be suspended until a successor customer takes occupancy. If a building owner maintains gas service at the location, the building owner will be billed the Service Charge as part of any charges it incurs while gas service is turned on.
- g. **Extension of Program Charge:** If the monthly Service Charge is reduced or suspended for any reason, once repairs have been successfully effected or service reconnected, the number of total monthly payments shall be extended until the total collected through the Service Charge is equal to the Company's cost for installation as described in section 4, including costs associated with repairs, deferred payments, and missed payments as long as the current occupant is still benefiting from the upgrades.
- h. **Tied to the Location:** Until cost recovery for upgrades at a location is complete or the upgrades fail as described in section 4(d), the terms of this tariff shall be binding on the metered structure or facility and any future customer who shall receive service at that location.
- i. **Disconnection for Non-Payment:** As a charge paid in furtherance of an approved energy efficiency program, the Company may disconnect the metered structure for non-payment of the Service Charge under the same provisions as for any other gas service.
- j. **Confirm Savings Actually Exceeded Tariffed-Charge:** Program Administrator will perform an annual analysis to evaluate weather-normalized 12-month post-upgrade Project cost savings and confirm that the Service Charge remains lower than estimated Project cost savings. In the event that analysis indicates that the Service Charge exceeds the estimated Project cost savings due to inaccurate saving estimates, the Service Charge may be reduced or eliminated to the extent needed in order for the Participant to realize Project savings.
- k. **Repairs:** Should, at any future time during the billing of the Service Charge, the Company determine that the installed upgrades are no longer functioning as intended and that the occupant or building owner, as applicable, did not damage or fail to maintain the installed upgrades, the Company shall reduce or suspend the Service Charge until such time as the Company and/or its Program Partner can repair the upgrades. If the upgrades cannot be repaired or replaced cost

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UNION ELECTRIC COMPANY

GAS SERVICE

Applying to MISSOURI SERVICE AREA

Residential Pay As You Save® Program (Cont'd.)

PROGRAM DESCRIPTION (Cont'd.)

4. Service Charge: (Cont'd.)

- k. **Repairs:** (Cont'd.) effectively, the Company will waive remaining Service Charges. If the Company determines the occupant or building owner, as applicable, did damage or fail to maintain the upgrades in place as described in section 4(d), it will seek to recover all costs associated with the installation, including any fees, incentives paid to lower Project costs, and legal fees. The Service Charge will continue until Company's cost recovery is complete as long as the upgrades continue to function. Company will not guarantee perfect operation of installed upgrades in every circumstance, and any suspension or waiver of unbilled Service Charges shall not entitle the Participant or owner to any refund or cancellation of previously billed Service Charges.

ELIGIBLE MEASURES AND INCENTIVES

A description of ~~Eligible Measures and Incentives directly paid to customers~~ may be found at AmerenMissouri.com/naturalgas.

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UNION ELECTRIC COMPANY

GAS SERVICE

Applying to MISSOURI SERVICE AREA

MISSOURI ENERGY EFFICIENT NATURAL GAS CO-DELIVERY PROGRAM FOR INCOME ELIGIBLE CUSTOMERS

APPLICATION

The Missouri Energy Efficient Natural Gas Co-Delivery Program For Income Eligible Customers (Program) is designed to deliver energy savings to customers receiving service under the Residential Service Rate or the General Service Rate that also receive electric service from Ameren Missouri. The program will be co-delivered through the electric income eligible programs offered by Ameren Missouri.

Incentives are being offered on a limited basis for all or a portion of the cost of Measures provided to Participants.

DEFINITIONS

Co-Delivery (Co-Delivered) - The collaboration between the gas and electric programs to deliver the program cohesively through delivery and shared costs.

Measures and Incentives - Energy Efficiency Measures are delivered through the Program at low or no cost to Participants. A description of eligible Measures and Incentives may be found at AmerenMissouri.com/naturalgas.

Participant - A customer who is being served under either the Company's Residential Service or General Service natural gas rate class and elects to either purchase or agrees to receive energy efficient gas saving equipment as described in Measures and Incentives. For purposes of receiving incentives under this Program, a Participant is defined as a person, firm, organization, association, corporation, landlord, contractor or other entity that implements Measure(s). For purposes of receiving incentives under this Program, a Participant is defined as a person, firm, organization, association, corporation, landlord, contractor or other entity that implements Measure(s).

Program Administrator - The Company or entity selected by the Company to provide program design, promotion, and administration services.

Implementation Contractor - The Company or entity selected by the Program Administrator that specialized in the implementation and delivery of energy efficiency programs.

Program Partner - A retailer, distributor, or other service provider that the Program Administrator, or the Implementation Contractor has approved to provide specific program services through execution of a Company-approved service agreement.

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UNION ELECTRIC COMPANY

GAS SERVICE

Applying to MISSOURI SERVICE AREA**PROGRAM TERM**

The Program is Co-Delivered with electric programs and will conclude at the same time that the electric programs conclude. All installations of Measures or delivery of Measures for self-install must occur before the conclusion date of the Program.

AVAILABILITY

The Program is available to Ameren Missouri gas customers that also receive electric service from Ameren Missouri and may be offered through the electric Residential Single Family Income Eligible Program and the electric Residential Multi-Family Income Eligible Program.

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Name of Officer Title Address

In the Matter of Union Electric Company d/b/a)
Ameren Missouri's Tariffs to Adjust Its) File No.: GR-2024-0369
Revenues for Natural Gas Service.)

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

My name is Shelly R. Harmon, and hereby declare on oath that I am of sound mind and lawful age; that I have prepared the foregoing *Rebuttal Testimony*; and further, under the penalty of perjury, that the same is true and correct to the best of my knowledge and belief.

Sworn to me this 2nd day of April, 2025.