

● Callaway

● Diablo Canyon

● Palo Verde

● Wolf Creek

STARS Alliance LLC Update

Members:

Ameren Missouri (Callaway)

Arizona Public Service (Palo Verde)

Pacific Gas & Electric (Diablo Canyon)

Wolf Creek Nuclear Operating Company

May 2017

STARS  **Alliance**

Desired Outcome

- Provide a meaningful overview of STARS Alliance revised process for documenting cost savings achieved by using preferred STARS Alliance supplier partners.

Why Revise Process?

- Our Members do not believe reported cost savings \$
 - Premise: supplier input of value received from preferred supplier partner agreement(s)
 - Not verifiable
 - Market price?
- Some utilities do not track/document savings achieved through cost savings

s

New Process

- STARS embraces Alliance structure, seeks savings through economies of scale. Strong focus on volume incentives
 - First Cost Savings
 - Rebates
 - Other quantifiable value add

New Process

First Cost Savings:

Order of preference:

- 1) Comparison of last price vs. new price
- 2) Comparison of market pricing (from competitive bid data) vs. new pricing
- 3) Analysis of escalation vs. new price

*Savings will be reported for a period of 3 years

Thank you