



August 17, 2010

Mr. John Rogers
Missouri Public Service Commission
200 Madison Street, PO Box 360
Jefferson City, MO. 65102-0360

RE: Missouri Energy Development Association Comments on Draft Rules to Implement Senate Bill 376

Dear Mr. Rogers,

Over the last few months Missouri Public Service Commission (MoPSC) Staff (Staff) have carefully developed the draft rules to implement Senate Bill 376 (SB 376). The Missouri Energy Development Association (MEDA) and its members – specifically The Empire District Electric Company, KCP&L, and AmerenUE commend the Staff for their work in this area. Based on several discussions between the commissioners in their weekly agenda these draft rules appear to be nearing the point of transmittal to the Secretary of State (SOS) as proposed rules.

MEDA and its member companies wish to emphasize that the draft rules being considered for transmittal to the SOS include several provisions that are of concern to the electric service providers that will be required to implement these rules. At its foundation, SB 376 became law on the principle that greater implementation of cost-effective energy efficiency programs will be beneficial for all Missourians. SB 376 specifically recognizes this fact and includes provisions designed to align the interests of electric service providers and their customers in achieving this goal.

We urge you to consider making additional changes to the draft rules being considered by the MoPSC to address the following points. Addressing the following concerns will help electric service providers and their customers achieve greater implementation of cost-effective energy efficiency programs than will be possible if these concerns are not addressed.

Primary Areas of Concern Remaining in Draft SB 376 Rules:

1. ALIGNMENT OF UTILITY FINANCIAL INCENTIVES

Three key areas must be addressed to properly align utility financial incentives with helping customers use energy more efficiently: Concurrent cost recovery of demand-side program costs, concurrent lost revenue recovery and reasonable earnings opportunities. Lost revenue recovery is missing from the Rules. Although not prohibited in the Rules, MEDA believes that concurrent lost revenue recovery is a key element and should be explicitly written into the Rules. The statutory direction to the Commission to align utility incentives such that utilities are encouraged to support energy efficiency investments that save customers money is rendered meaningless if this powerful disincentive is not addressed in a meaningful and timely manner in this rulemaking.

2. SIMULTANEOUS PROGRAM AND DSIM APPROVAL.

MEDA does not believe it is good practice for a utility to commit to the implementation of demand-side programs without knowing what type of recovery mechanism (DSIM) will be allowed by the Commission. MEDA recommends that the Commission approve a utility's DSIM at the time it approves a utility's demand-side programs. This is appropriate even if the Commission does not believe MEEIA allows for rate adjustments outside of a rate case. In the event that the Commission approves the DSIM at the time of program approval, the DSIM would not go into effect until the utility's next rate case.

3. COLLABORATIVE GUIDELINES.

MEDA agrees with the latest 4 CSR 240-20.094 - Collaborative Guidelines language proposed by OPC and Staff with the exception of the following specific changes to this proposed language to confirm that the utility collaboratives are advisory only and the input is also advisory. The concern is the opportunity for the potential studies to be delayed and/or increased expense in the development of the potential studies. Also, the language regarding notification of stakeholders seems very broad ("all...stakeholders"), and the concern is the possibility of accidentally omitting someone. MEDA suggests that it may be appropriate to suggest that Staff provide the notification of statewide collaborative meetings.

(8) Collaborative guidelines.

(A) Utility-specific Collaboratives. Each electric utility and its stakeholders are encouraged to form a utility-specific advisory collaborative for input on the design, implementation and review of demand-side programs as well as input on the preparation of market potential studies. This collaborative process may take place simultaneously with the collaborative process related to demand-side programs for 4 CSR 240-22. Collaborative meetings are encouraged to occur at least once each calendar quarter.

(B) State-wide Collaboratives. Electric utilities and their stakeholders are encouraged to form a state-wide advisory collaborative to: (1) address the creation of a technical reference manual that includes values for deemed savings, (2) provide the opportunity for the sharing, among utilities and other stakeholders, of lessons learned from demand-side program planning and implementation, and (3) create a forum for discussing state-wide policy issues. ~~__ and the creation of statewide electric demand-side programs and joint electric and gas energy efficiency programs.~~ Collaborative meetings are encouraged to occur at least once each calendar year. Staff ~~The electric utilities shall inform all demand-side program stakeholders~~ provide notice of the statewide collaborative meetings and such interested stakeholders as well as any interested representatives of Missouri natural gas utilities and Missouri municipal or cooperative electric utilities may attend such meetings.

4. EE GOALS

Any goals to be applied in the future, if permissible by law, should be strongly linked to reasonable and achievable savings goals supported by utility-specific potential studies. MEDA therefore opposes the goals reflected in the rule as they appear to have been developed without any utility-specific analyses and are in fact inconsistent with current potential studies.

If you have any questions regarding these comments, please do not hesitate to call me at (573) 634-8678 or e-mail me at Warren@missourienergy.org.

Sincerely,



Warren T. Wood

cc:

Chairman Robert M. Clayton III & Advisor Richard Moore

Commissioner Jeff Davis & Advisor Mark Hughes

Commissioner Terry M. Jarrett & Advisor Janet Wheeler

Commissioner Kevin Gunn & Advisor Cherlyn Voss

Commissioner Robert S. Kenny & Advisor Joshua Harden

Natelle Dietrich, Utility Operations Director

Lena Mantle, Energy Dept. Manager