

**Rules of
Department of Economic Development
Division 240 – Public Service Commission
Chapter 3 – Filing and Reporting Requirements**

PROPOSED AMENDMENT

**4 CSR 240-3.161 Electric Utility Fuel and Purchased Power Rate Adjustment Mechanisms
Filing and Submission Requirements**

PURPOSE: This proposed amendment modifies the information that an electric utility must provide when it seeks to establish, continue, modify, or discontinue and/or true-up its rate adjustment mechanism (i.e., fuel adjustment clause or interim energy charge). ~~It also sets forth the requirements for the submission of Surveillance Monitoring Reports as required for electric utilities that have a rate adjustment mechanism.~~

(1) Definitions.

(A) MCF is one thousand (1,000) cubic feet of natural gas;

(B) MMBtu is equal to one million (1,000,000) Btus;

(2) The following terms used in this subsection are defined in subsection (1) of 4 CSR 240-20.090 Fuel and Purchased Power Rate Adjustment Mechanisms:

1. Accumulation period;
2. Fuel adjustment clause (FAC);
3. Fuel adjustment rate (FAR)
4. Fuel and purchased power adjustment (FPA)
5. Fuel and purchased power costs;
6. Fuel-related revenues;
7. General rate proceeding;
8. Interim energy charge (IEC);
9. Net base energy costs;
10. Base rates;
11. Recovery period; and
12. Staff.

(3) Establishment of a Rate Adjustment Mechanism (RAM). When an electric utility files to establish a RAM as described in 4 CSR 240-20.090(2), the electric utility shall file the following supporting information, in electronic format where available (with formulas intact), as part of, or in addition to, its direct testimony:

(A) An example of the notice to be provided to customers as required by 4 CSR 240-20.090(2)(C);

(B) An example customer bill showing how the proposed RAM shall be separately identified on affected customers' bills in accordance with 4 CSR 240-20.090(9);

(C) Proposed RAM tariff sheets;

(D) A reasonably detailed description of the design and intended operation of the proposed RAM;

(E) A reasonably detailed explanation of how the proposed RAM is reasonably designed to provide the electric utility a sufficient opportunity to earn a fair return on equity;

(F) A reasonably detailed explanation of how the proposed FAC shall be trued-up for over-and under-collections, or how and when the refundable portion of the proposed IEC shall be trued-up;

(G) A reasonably detailed description of how the electric utility's monthly short-term interest rate will be defined and how it will be applied, during the accumulation period and the recovery period, to true-up amounts and prudence disallowances;

(H) A reasonably detailed description of how the proposed RAM is compatible with the requirement for prudence reviews in 4 CSR 240-20.090(8);

(I) A reasonably detailed explanation of fuel and purchased power costs that are to be recovered under the proposed RAM with identification of the specific account where the costs will be recorded on the electric utility's books and records;

(J) A reasonably detailed explanation of the fuel-related revenues that are to be considered in determining the amount to be recovered under the proposed RAM with identification of the specific account where that revenue will be recorded on the electric utility's books and records;

(K) A reasonably detailed explanation of any incentive feature in the proposed RAM with the expected benefit and cost each feature is intended to produce for both the electric utility and its Missouri retail customers;

(L) A reasonably detailed explanation of any rate volatility mitigation feature in the proposed RAM;

(M) A reasonably detailed explanation of any feature of the proposed RAM and of any existing electric utility policy, procedure, or practice that ensures only prudent fuel and purchased power costs and fuel-related revenue shall be recovered through the proposed RAM;

(N) If the proposed RAM includes incorporating fuel and purchased power costs and fuel-related revenue in the electric utility's base rates, a reasonably detailed explanation of the methodology used to allocate fuel and purchased power costs and fuel-related revenue to specific customer classes in the base rates and in any subsequent rate adjustments during the term of the proposed RAM;

(O) A reasonably detailed explanation of the rate design of the RAM for each customer class, including at a minimum the electric utility's justification for the methodology chosen for determining the rate design and how that methodology is consistent with the methodology used to allocate fuel costs, purchased power costs and fuel-related revenue in base rates;

(P) A reasonably detailed explanation of any change to the electric utility's business risk resulting from implementation of the proposed RAM, in addition to any other changes in business risk the electric utility may experience;

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~~(Q) The supply side and demand side resources, based on the resources it includes in its general rate proceeding, that the electric utility expects to use to meet its loads in the four (4) years following commission establishment of a RAM, the expected dispatch of those resources, the reasons why those resources are appropriate for dispatch and the heat rates and fuel types for each supply side resource. In submitting this information, it is recognized that supply and demand side resources and dispatch may change during the four (4) years following commission establishment of a RAM based upon changing circumstances, and that parties will have the opportunity to comment on this information after it is filed by the electric utility;~~

(~~QR~~) A base level of efficiency for each of the electric utility's generating units determined by the results of heat rate tests and/or efficiency tests that were conducted on each of the electric utility's steam generators, including nuclear steam generators, heat recovery steam generators, steam turbines and combustion turbines within the twenty-four (24) months preceding the establishment of the electric utility's proposed RAM. The electric utility may, in lieu of filing the foregoing results with the commission, provide them to the staff and to other parties granted intervention in the general rate proceeding as part of the workpapers it provides in connection with its direct case filing. If the electric utility submits the heat rate tests and/or efficiency tests, it will provide a statement in its testimony as to where the results can be found in workpapers;

(~~RS~~) If the electric utility proposes to include emissions allowances costs or sales revenue in the proposed FAC and not in an environmental cost recovery mechanism, a reasonably detailed explanation of its emissions management policy, and its forecasted environmental investments, emissions allowances purchases and emissions allowances sales;

(~~FS~~) For each power generating unit the electric utility owns (in whole or in part) or controls, the electric utility shall file graphs, accompanied by the data supporting the graphs, for each month over the immediately preceding five (5) years, showing the historical monthly equivalent availability factor, the monthly equivalent forced outage rate and the length and timing of each planned outage of that unit; and

(~~TH~~) Authorization for the staff to release to all parties to the general rate proceeding in which the establishment of a RAM is requested, the previous five (5) years of historical surveillance monitoring reports the electric utility submitted in EFIS in compliance with 4 CSR 240-

~~3 20.090(11).~~

(4) Continuation or Modification of a RAM. When an electric utility files a general rate proceeding following the general rate proceeding that established its RAM as described by 4 CSR 240-20.090(2) in which it requests that its RAM be continued or modified, the electric utility shall include in its filing updates of the information required by each sub-subsection in subsection (3) of this rule to the extent that there has been a material change in such information since the electric utility's previous general rate proceeding. The electric utility shall also file any additional information that, in the previous general rate proceeding, the commission ordered the electric utility to provide when seeking to continue or modify its RAM. With respect to the information required by sub-subsection (R) of section (3) of this rule, the electric utility will provide the results of heat rate tests and/or efficiency tests performed on its generating units since its last submission of heat rate test and/or efficiency test results under sub-subsection (R) of section (3) or under this subsection (4), as the case may be.

(5) Discontinuance of a RAM. When an electric utility files a general rate proceeding in which it requests that its RAM be discontinued, the electric utility shall file with the commission, and serve on the parties, the following supporting information, in electronic format where available (with formulas intact), as part of, or in addition to, its direct testimony:

(A) An example of the notice to be provided to customers as required by 4 CSR 240-20.090(2)(C);

(B) A reasonably detailed explanation of how the electric utility proposes to discontinue its RAM.

1. If requesting to discontinue its FAC, the electric utility shall include the following in its explanation:

- A. The ending date of the last FAC accumulation period;
- B. The beginning and ending dates of the recovery period for that accumulation period; and
- C. The procedure for the true-up associated with the recovery period for that accumulation period.

2. If requesting to discontinue its IEC, the electric utility shall include a reasonably detailed explanation of how any over-collections will be returned to the electric utility's retail customers;

(C) A reasonably detailed explanation of why the RAM is no longer necessary to provide the electric utility a sufficient opportunity to earn a fair return on equity;

(D) A reasonably detailed explanation of any change to the electric utility's business risk resulting from implementation of the proposed RAM, in addition to any other changes in business risk the electric utility may experience; and

(E) Any additional information that, in the previous general rate proceeding, the commission ordered the electric utility to provide when seeking to discontinue its RAM.

(6) ~~Periodic~~Monthly Reports. So long as it has a RAM in effect, each electric utility shall submit a ~~monthly~~ report that covers each period used to accumulate costs and revenues for inclusion in the RAM through the commission's electronic filing and information system (EFIS) ~~and to the Office of the Public Counsel (OPC) and to other parties~~. Each ~~periodic~~monthly report shall be verified by the affidavit of an electric utility representative(s) who has knowledge of the subject matter and who attests to both the veracity of the information and his/her knowledge of it, the information identified in this section, which shall be provided in electronic format where available (with formulas intact). The information in the ~~periodic~~monthly report shall be submitted no later than sixty (60) days after the end of the ~~period being reported~~reported month. The first ~~periodic~~monthly submission shall be made within sixty (60) days after the end of the first complete ~~period~~month after the electric utility's RAM goes into effect. Each ~~periodic~~monthly report shall contain the following information:

~~(A) The billing month revenues billed pursuant to the RAM, by rate class and voltage level;~~

~~(B) The billing month revenues billed through the electric utility's base rates, by rate class and voltage level;~~

~~(A)~~ The electric utility's actual ~~calendar month~~ fuel and purchased power costs for the period, allocated by rate class and voltage level using commission approved allocation methods;

~~(B)~~ The electric utility's actual ~~calendar month~~ fuel-related revenue for the period, allocated by rate class and voltage level using commission approved allocation methods;

~~(C)~~ Each significant factor that has affected the level of the electric utility's fuel-related revenues in the ~~period~~calendar month, along with workpapers documenting each of these significant factors;

~~(F)~~ Each significant factor that has affected the level of the electric utility's fuel and purchased power costs in the ~~period~~calendar month, along with workpapers documenting each of these significant factors;

~~(G)~~ ~~Calendar month~~ off-system megawatt-hours sold in the period;

~~(F)~~ ~~Calendar month~~ megawatt-hours generated, fuel consumption, fuel expense and heat rate by plant, by generating unit;

~~(G)~~ ~~Calendar month~~ megawatt-hours purchased in the period, stating firm and non-firm purchases separately;

~~(H)~~ Prices of fuel purchased by fuel type during the ~~period~~calendar month, breaking out freight and transportation prices;

Comment [A1]: Unclear – to discuss, and why by rate class?

Comment [A2]: Same

Comment [A3]: Why needed?

(~~IK~~) The following information, ~~actual and budgeted~~, for the reported ~~period~~ calendar month, as well as for year-to-date and prior calendar year:

1. ~~Actual f~~Fuel-related revenue, ~~by account and sub-account number~~;
2. ~~Actual fu~~Fuel costs included in the fuel and purchased power costs, ~~by account and sub-account number~~;
3. ~~Actual fuel handling labor costs~~;

(~~IL~~) The following information for the ~~period~~ calendar month, ~~by generation unit~~, by fuel type and by total for the electric utility:

1. ~~Quantity of fuel burned, with designation of the units in which the quantity is reported (e.g. tons, MCF, MMBtu)~~;

~~21.~~ Million British Thermal Units (MMBtu) of fuel burned;

~~23.~~ Average cost of fuel per MMBtu, by fuel type;

~~34.~~ Aggregate megawatt hours (MWhs) of net energy generated by the generating units at each generation station, where net energy generated is the gross generation net of the station use; and

~~45.~~ Average cost of fuel per MWh;

(~~KM~~) A detailed description of each account and sub-account where each fuel and purchased power cost or fuel-related revenue is recorded;

(~~LN~~) Total fuel cost;

~~(O) Identification of each contract for nuclear fuel, coal, natural gas commodity and transportation the electric utility entered into or renewed during the reported month with identification of terms and parties of the contract. Identification of when and where staff may review each contract;~~

~~(P) A copy of each contract for capacity and/or energy purchase having a length of three (3) months or longer that the electric utility entered into during the reported month;~~

~~(Q) A copy of each contract for capacity and/or energy sales of a length of three (3) months or longer that the electric utility entered into during the reported month;~~

~~(R) Notice of any change(s) to the electric utility's hedging policy and, if changed, a statement or copy of the changed policy;~~

~~(S) Each revision to the electric utility's internal policy for participating in a Regional Transmission Organization (RTO) ancillary services market, if the RTO in which the electric utility participates has such a market;~~

(~~MT~~) The electric utility's monthly short-term debt interest rate, along with:

1. An explanation of the how that rate was determined;

2. The calculation of the short-term debt interest rate;

3. Identification of any changes in the basis(es) used for determining the short-term debt interest rate from the previous ~~periodic~~ monthly report; and

4. If there is a change in the basis(es) used for determining the short-term debt interest rate, a copy(ies) of the changed basis(es) or identification of where it/they may be reviewed; and

(~~NU~~) Any additional information that the commission has ordered the electric utility to provide in its ~~periodic~~ monthly reports.

Comment [A4]: Still under consideration and for discussion

(7) Budget Report. Annually the electric utility shall submit in EFIS and provide to OPC and other parties, its approved budget for the upcoming budget year, in electronic format (with formulas intact) and in a layout similar to its Surveillance Monitoring Report. The budget submission shall provide a quarterly and annual quantification of the electric utility's income

statement. The budget report shall be submitted within thirty (30) days of when the electric utility's budget is approved by the electric utility's management or within sixty (60) days of the beginning of the electric utility's fiscal year, whichever is earliest. The budget submission shall be designated "highly confidential" and treated accordingly.

(8) Periodic Change to Fuel Adjustment Rates (FAR) When an electric utility files with the commission a tariff sheet(s) to change its fuel adjustment rates as described in 4 CSR 240-20.090(5), and serves it upon parties, the filed tariff sheet(s) shall be accompanied by:

(A) Prefiled testimony that shall include:

1. A discussion that details the material factors which contributed to the FPA amount;
2. The change in the fuel adjustment rates;
3. The impact of the proposed fuel adjustment rates on the monthly bill of the electric utility's typical residential customer, together with the definition of typical residential customer used to determine that impact;

(B) The following information in electronic format where available (with formulas intact):

1. For the period of historical costs which are being used to propose the fuel adjustment rates:

A. The billing month and calendar month actual energy sales in kilowatt-hours, by rate class and voltage level;

B. The actual fuel costs of the types of fuel costs designated in the FAC, listed by generating unit and fuel type; and

C. The actual purchased power costs of the types of purchased power costs designated in the electric utility's FAC, differentiated by:

(I) Short-term and long-term purchased power;

(II) On-peak and off-peak costs; and

(III) Demand costs and energy costs, separately stated;

D. The megawatt-hours and costs of purchased power of the type included in the electric utility's FAC, differentiated by;

(I) Long-term purchased power, with a definition of long-term purchased power; and

(II) Short-term purchased power, with a definition of short-term purchased power; and

(III) Spot market purchased power;

E. Revenues, expenses, and megawatt-hours of off-system sales;

F. Fuel-related revenues other than off-system sales revenues separated by type of fuel-related revenue;

~~G. Extraordinary costs not to be passed through the electric utility's FAC, if any, due to such costs being an insured loss, or subject to reduction due to litigation or for any other reason;~~

~~GH.~~ Net base energy costs collected in base rates; and

(I) Any additional requirements the commission ordered;

(II) Calculation of each of the proposed fuel adjustment rates;

(III) Calculations of the voltage differentiation in the proposed FAC rates, if any, to account for differences in line losses by service voltage level;

4. The electric utility's monthly short-term debt interest rate, along with:

A. An explanation of how that rate was determined;

B. The calculation of the short-term debt interest rate;

C. Identification of any changes in the basis(es) used for determining the short-term debt interest rate since the last FAC rate adjustment; and

D. If there is a change in the basis(es) used for determining the short-term debt interest rate, a copy(ies) of the changed basis(es) or identification of where it/they may be reviewed; and

Comment [A5]: Why differentiate?

Comment [A6]: Why differentiate?

~~5. Calculations underlying any seasonal variation in the FAC rate(s).~~

Comment [A7]: Why would a reproduction of the data used to derive base rates need to be reported – everyone has it from the rate case?

(C) Workpapers, in electronic format where available (with formulas intact), supporting all items in subsections (A) and (B) shall be submitted in EFIS and provided to the Office of the Public Counsel (OPC) and other parties.

(9) RAM True-Ups. When an electric utility files with the commission to true-up its RAM, as described in 4 CSR 240-20.090(6), the filing shall be accompanied by :

(A) Prefiled testimony that includes a discussion detailing the material factors which contributed to the true-up amount.

(B) The following information in electronic format where available (with formulas intact)

1. Any revision to the calculation of net base energy costs for the accumulation period;

2. The calculation of the monthly amount that was over-collected or under-collected through its RAM;

3. The electric utility's monthly short-term debt interest rate along with:

A. An explanation of how that rate was determined;

B. The calculation of the short-term debt interest rate;

C. Identification of any changes in the basis(es) used for determining the short-term debt interest rate since the last RAM rate adjustment; and

D. If there is a change in the basis(es) used for determining the short-term debt interest rate, a copy(ies) of the changed basis(es) or identification of where it/they may be reviewed; and

4. Any additional information that the commission has ordered the electric utility to include in its RAM true-up filing.

(C) Workpapers, in electronic format where available (with formulas intact), supporting all items in subsections (A) and (B) shall be submitted in EFIS and provided to the Office of the Public Counsel (OPC) and other parties.

(10) Party status and party rights in RAM proceedings subsequent to the last general rate case where the commission establishes, continues or modifies the electric utility's RAM.

(A) Each party to the most recent general rate proceeding in which the commission established, continued or modified the electric utility's RAM shall be a party to each subsequent related RAM rate adjustment proceeding, RAM true-up proceeding and RAM prudence review proceeding, without applying to the commission for intervention, and shall be entitled to ~~access~~ receive the ~~periodic~~ monthly reports ~~and quarterly surveillance reports~~ required by this rule and surveillance reports submitted pursuant to 4 CSR 240-3. via

EFIS during the period of time when they are entitled to be a party to such proceedings without applying for intervention. In any subsequent general rate proceeding, such person or entity must seek and be granted status as an intervener to be a party to that case (and to consequently be a party, without seeking and being granted status as an intervener, to RAM-related proceedings initiated after that case); and

~~and~~

(B) Anyone may seek to intervene, pursuant to 4 CSR 240-2.075, in any RAM rate adjustment proceeding, RAM true-up proceeding, RAM prudence review proceeding, or general rate proceeding to modify, continue or discontinue a RAM. If no party objects to the intervention request within ten (10) days of when it is filed, then the applicant for intervention shall be deemed to have been granted intervention without a specific commission order, unless within the

above-referenced ten (10)-day period the commission denies the application for intervention on its own motion. If an objection to the application for intervention is filed on or before the end of the above-referenced ten (10)-day period, the commission shall rule on the application and the objection within ten (10) days of the filing of the objection.

(11) Discovery. Each discovery response that a party obtains in general rate proceedings where the electric utility seeks for the commission to approve, modify, reject, continue or discontinue a RAM and in related subsequent RAM rate adjustment proceedings, RAM true-up proceedings and RAM prudence review proceedings may be offered as evidence in any subsequent RAM rate adjustment proceeding, RAM true-up proceeding, RAM prudence review proceeding or general rate proceeding to modify, continue or discontinue its RAM as if the response were made to a discovery request in that proceeding without requiring the party who made the request to resubmit the same discovery request (data request, interrogatory, request for production, request for admission, or deposition), subject to commission ruling on any evidentiary objection(s). Unless the commission orders otherwise, sua sponte or on a party's motion, the discovery response shall have the same protection it was last afforded, by rule or by commission order.

(12) Supplementing and updating discovery responses in subsequent related proceedings. A party who provided a discovery response in a prior case as described in section (11) shall be under no obligation to supplement or update that response in a subsequent proceeding, unless the requesting party issues a discovery request in the subsequent case which clearly identifies the particular discovery requests to be supplemented or updated and the particular period to be covered by the updated response. A party responding to a request to supplement or update a prior proceeding discovery response shall supplement or update the discovery response where the responding party has learned or subsequently learns its response is in some material respect in detailed or incorrect.

(13) The commission shall establish a new case for each general rate proceeding, RAM rate adjustment proceeding, RAM true-up proceeding and RAM prudence review proceeding.

(14) Right to Discovery Unaffected. In addressing certain discovery matters and the provision of certain information by electric utilities, this rule is not intended to restrict the discovery rights of any party.

(15) Variances. For good cause shown, the commission may grant variances from provisions of this rule.

AUTHORITY: sections 386.250 and 393.140, RSMo 2000 and 386.266, RSMo Supp. 2005. Original rule filed June 16, 2006, effective Jan. 30, 2007.*

**Original authority: 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996; 386.266, RSMo 2005 and 393.140, RSMo 1939, amended 1949, 1967.*