

# MoPIRG

Advocate for the Public Interest

August 31, 1992

Via Fax to C&S Secretarial Services

Brent Stewart  
Executive Secretary  
Missouri Public Service Commission  
301 W. High St.  
Jefferson City, MO 65101

Re: Electric Utility Resource Planning Rule-making.

Dear Mr. Stewart:

I am sending you a facsimile of our original and fourteen copies of our reply comments in the above-mentioned rule-making. The original will be mailed to you today.

A copy of this filing is being send to all parties on the attached service list.

Sincerely,



Tom Regan

Enclosures

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AUG 31 1992  
PUBLIC SERVICE COMMISSION

MoPIRG  
Service List  
8/31/92

Mr. Steven Cattron  
Kansas City Power and Light  
P.O. Box 41879  
Kansas City, MO 64105-1910

Mr. Dan Brown  
Cuivre River Electric Service Co.  
P.O. Box 160  
Troy, MO 63379

Mr. Rick French  
Laclede Gas  
720 Olive Street  
St. Louis, MO 63101

Mr. John K. Davis  
Sho-Me Power Corporation  
P.O. Drawer D  
Marshfield, MO 65706

Mr. Bob Fancher  
Empire District Electric  
P.O. Box 127  
Joplin, MO 64802

Mr. Bruce Hollinger  
Missouri Industrial Energy Consumers  
c/o Monsanto  
800 N. Lindbergh F2WD  
St. Louis, MO 63167

Mr. Lewis Mills  
Office of the Public Counsel  
P.O. Box 7800  
Jefferson City, MO 65102

Mr. Bradley Lewis  
Missouri Public Service  
10700 East 350 Highway  
P.O. Box 11739  
Kansas City, MO 64138

Mr. Joe Norton  
St. Joseph Light & Power  
P.O. Box 998  
St. Joseph, MO 64502

Mr. Michael Pendergast  
KPL Gas  
818 Kansas Ave  
Topeka, KS 66612

Mr. Gary Rainwater  
Union Electric  
P.O. Box 149  
St. Louis, MO 63166

Mr. Frank Stork  
Association of Missouri  
Electric Cooperatives  
2722 E. McCarty  
Jefferson City, MO 65101

Ms. Winifred Colwill  
League of Women Voters  
1417 Countryshire  
Columbia, MO 65202

Before the Public Service Commission  
of the State of Missouri

In the matter of the proposed )  
rule 4 CSR 240-22.010-80, on )  
Electric Utility Resource Planning, )  
and proposed amendments to 4 CSR )  
240-14.010-050, on Utility Promotional )  
Practices. )

Reply Comments of the Missouri Public Interest Research Group

1. No Pre-approval of resource plans.

In Union Electric's initial comments, page 6, they ask for IRP rules that pre-approve electric utility resource acquisition plans. We see no reason for pre-approval. But we see many dangers.

While the electric utilities argue that pre-approval of resource plans would have no bearing on subsequent rate-settings, of course this is not true; indeed, why would utilities want pre-approval if they did not believe it would effect future rate case hearings? Utilities would certainly interpret pre-approval of spending plans as virtual pre-approval of cost recovery.

A future commission could deny this argument, but given the litigiousness of Missouri electric utilities sooner or later the commission would find itself in court trying to explain to a judge why pre-approval of utility spending plans does not mean pre-approval of cost recovery.

The commission should not surrender this power to the electric utilities.

2. Fuel Substitution is a Demand Side Resource

We support the Public Counsel's position, in their initial comments page 4, that electric utilities should consider fuel substitution as a demand side resource. This is an excellent idea. For example, electric utilities could offer low-interest loans to help customers switch to gas heat or renewable energy sources such as solar hot water heaters. Some electric utilities in other states offer this kind of financing.

3. Expand the definition of load building.

We support the Public Counsel's position, in their initial comments page 5, that the definition of load building should be expanded. In many other states electric utilities have tried to include obvious load-building measures as efficiency spending; both Union Electric and Kansas City Power and Light also attempt to paint their load building programs as demand side measures in their most recent published resource plans. The commission should take the Public Counsel's suggestion and attempt to prevent this abuse.

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4. Keep the IRP goal as minimization of bills, not rates.

We oppose the suggestion made by the Missouri Industrial Energy Consumers, in their initial comments page 10, that the goal of "mitigation of rate increases" should be equal in importance to "minimization of long-run utility costs."

The goal of IRP should be to provide electrical services at the lowest possible cost to consumers. Minimization of long-run utility costs comes closest to meeting this goal.

We can imagine many scenarios where rates might increase while bills decrease--for example, if a utility was to recover the costs of an energy efficiency financing program that reduced electricity bills, this would increase rates, but consumers would still pay lower electric bills.

The MEIC language would resurrect the discredited "rate impact measure" or RIM test of DSM programs, and would result in a virtual prohibition on DSM spending for any electric utility that did not face an immediate need to expand generating capacity. This would actually mean a step backward for Missouri, as DSM expenditures are not expressly prohibited today.

by Tom Regan

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