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**Missouri Public
Service Commission****Robin Carnahan
Secretary of State****Administrative Rules Division
Rulemaking Transmittal Receipt**

Rule ID: 12161
Date Printed: 10/25/2010
Rule Number: 4 CSR 240-22.070
Rulemaking Type: Proposed Amendment
Date Submitted to Administrative Rules Division: 10/25/2010
Date Submitted to Joint Committee on Administrative Rules: 10/25/2010

Name of Person to Contact with questions concerning this rule:

Content: Morris Woodruff	Phone: 1-2849	Email: morris.woodruff@psc.mo.gov	Fax: 6-6010
RuleDataEntry:	Phone:	Email:	Fax:

Included with Rulemaking:

Cover Letter	10/25/2010
Affidavit for public cost	10/25/2010

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*Robin
Carnahan*

Secretary of State
Administrative Rules Division

RULE TRANSMITTAL

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ADMINISTRATIVE RULES

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Rule Number 4 CSR 240-22.070

Use a "SEPARATE" rule transmittal sheet for EACH individual rulemaking.

Name of person to call with questions about this rule:

Content Morris Woodruff Phone 573-751-2849 FAX 573-526-6010

Email address morris.woodruff@psc.mo.gov

Data Entry Morris Woodruff Phone 573-751-2849 FAX 573-526-6010

Email address morris.woodruff@psc.mo.gov

Interagency mailing address Governor Office Bldg., Suite 900, 200 Madison St., Jefferson
City, MO 65102

TYPE OF RULEMAKING ACTION TO BE TAKEN

☐ Emergency rulemaking, include effective date

☒ Proposed Rulemaking

☐ Withdrawal ☐ Rule Action Notice ☐ In Addition ☐ Rule Under Consideration

☐ Order of Rulemaking

Effective Date for the Order _____

☐ Statutory 30 days OR Specific date _____

Does the Order of Rulemaking contain changes to the rule text? ☐ NO

☐ YES—LIST THE SECTIONS WITH CHANGES, including any deleted rule text:

Small Business Regulatory
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SMALL BUSINESS
REGULATORY FAIRNESS BOARD

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JOINT COMMITTEE ON

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ADMINISTRATIVE RULES



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TERRY M. JARRETT
KEVIN GUNN
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Missouri Public Service Commission

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Secretary/General Counsel
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Chief Staff Counsel

October 25, 2010

Robin Carnahan
Secretary of State
Administrative Rules Division
600 West Main Street
Jefferson City, Missouri 65101

Re: 4 CSR 240-22.070 Resource Acquisition Strategy Selection

Dear Secretary Carnahan,

CERTIFICATION OF ADMINISTRATIVE RULE

I do hereby certify that the attached is an accurate and complete copy of the proposed rulemaking lawfully submitted by the Missouri Public Service Commission.

The Public Service Commission has determined and hereby certifies that this proposed rulemaking will not have an economic impact on small businesses. The Public Service Commission further certifies that it has conducted an analysis of whether there has been a taking of real property pursuant to section 536.017, RSMo 2000, that the proposed rulemaking does not constitute a taking of real property under relevant state and federal law, and that the proposed rulemaking conforms to the requirements of 1.310, RSMo, regarding user fees.


The Public Service Commission has determined and hereby also certifies that this proposed rulemaking complies with the small business requirements of 1.310, RSMo, in that it does not have an adverse impact on small businesses consisting of fewer than twenty-five full or part-time employees or it is necessary to protect the life, health, or safety of the public, or that this rulemaking complies with 1.310, RSMo, by exempting any small business consisting of fewer than twenty-five full or part-time employees from its coverage, by implementing a federal mandate, or by implementing a federal program administered by the state or an act of the general assembly.

Statutory Authority: sections 386.040, 386.250, 386.610, and 393.140, RSMo 2000

Robin Carnahan
Secretary of State
October 25, 2010
Page Two

If there are any questions regarding the content of this proposed rulemaking, please contact:

Morris L. Woodruff, Chief Regulatory Law Judge
Missouri Public Service Commission
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P.O. Box 360
Jefferson City, MO 65102
(573) 751-2849
morris.woodruff@psc.mo.gov

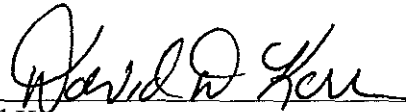

Morris L. Woodruff
Chief Regulatory Law Judge

AFFIDAVIT

PUBLIC COST

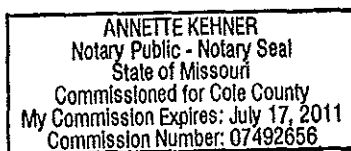
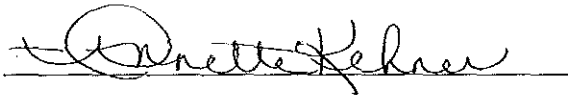
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

I, David Kerr, Director, Missouri Department of Economic Development, first being duly sworn, on my oath, state that it is my opinion that the cost of the proposed amendment to rule, 4 CSR 240-22.070, is less than five hundred dollars in the aggregate to this agency, any other agency of state government or any political subdivision thereof.



David Kerr
Director
Department of Economic Development

Subscribed and sworn to before me this 7th day of Oct., 2010. I am commissioned as a notary public within the County of Cole, State of Missouri, and my commission expires on 17 JUL 2011.



Title 4-Department of Economic Development
Division 240-Public Service Commission
Chapter 22-Electric Utility Resource Planning

PROPOSED AMENDMENT

4 CSR 240-22.070 [Risk Analysis and]Resource Acquisition Strategy Selection. Risk analysis sections of this rule were moved to 4 CSR 240-22.060. Contingency planning requirements were added.

PURPOSE: This rule requires the utility to[identify the critical uncertain factors that affect the performance of resource plans, establishes minimum standards for the methods used to assess the risks associated with these uncertainties and requires the utility to specify] select a preferred resource plan, develop an implementation plan and officially adopt a resource acquisition strategy. The rule also requires the utility to prepare contingency plans, and evaluate the demand-side resources that are included in the resource acquisition strategy.

PURPOSE: This proposed amendment requires the utilities to select a preferred resource plan, develop an implementation plan and officially adopt a resource acquisition strategy. The rule also requires the utility to prepare contingency plans, and evaluate the demand-side resources that are included in the resource acquisition strategy.

(1) The utility shall [use the methods of formal decision analysis to assess the impacts of critical uncertain factors on the expected performance of each of the alternative resource plans developed pursuant to 4 CSR 240-22.060(3), to analyze the risks associated with alternative resource plans, to quantify the value of better information concerning the critical uncertain factors and to explicitly state and document the subjective probabilities that utility decision-makers assign to each of these uncertain factors. This assessment shall include a decision-tree representation of the key decisions and uncertainties associated with each alternative resource plan.

(2) Before developing a detailed decision-tree representation of each resource plan, the utility shall conduct a preliminary sensitivity analysis to identify the uncertain factors that are critical to the performance of the resource plan. This analysis shall assess at least the following uncertain factors:

(A) The range of future load growth represented by the low-case and high-case load forecasts;

(B) Future interest rate levels and other credit market conditions that can affect the utility's cost of capital;

(C) Future changes in environmental laws, regulations or standards;

(D) Relative real fuel prices;

(E) Siting and permitting costs and schedules for new generation and generation-related transmission facilities;

(F) Construction costs and schedules for new generation and transmission facilities;

(G) Purchased power availability, terms and cost;

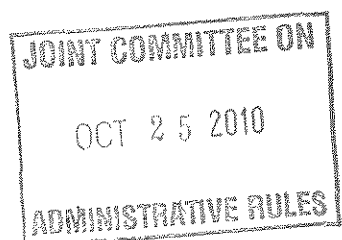
(H) Sulfur dioxide emission allowance prices;

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- (I) Fixed operation and maintenance costs for existing generation facilities;*
- (J) Equivalent or full- and partial-forced-outage rates for new and existing generation facilities;*
- (K) Future load impacts of demand-side programs; and*
- (L) Utility marketing and delivery costs for demand-side programs.*

(3) For each alternative resource plan, the utility shall construct a decision-tree diagram that appropriately represents the key resource decisions and critical uncertain factors that affect the performance of the resource plan.

(4) The decision-tree diagram for all alternative resource plans shall include at least two (2) chance nodes for load growth uncertainty over consecutive subintervals of the planning horizon. The first of these subintervals shall be not more than ten (10) years long.

(5) The utility shall use the decision-tree formulation to compute the cumulative probability distribution of the values of each performance measure specified pursuant to 4 CSR 240-22.060(2), contingent upon the identified uncertain factors and associated subjective probabilities assigned by utility decision-makers pursuant to section (1) of this rule. Both the expected performance and the risks of each alternative resource plan shall be quantified.

(A) The expected performance of each resource plan shall be measured by the statistical expectation of the value of each performance measure.

(B) The risk associated with each resource plan shall be characterized by some measure of the dispersion of the probability distribution for each performance measure, such as the standard deviation or the values associated with specified percentiles of the distribution.

(6) The utility shall select a preferred resource plan from among the alternative resource plans that have been analyzed pursuant to the requirements of 4 CSR 240-22.060 and sections (1)–(5) of this rule. The utility shall describe and document the process used to select the preferred resource plan, including the relative weights given to the various performance measures and the rationale used by utility decision-makers to judge the appropriate tradeoffs between competing planning objectives and between expected performance and risk. The utility shall provide the names, titles and roles of the utility decision-makers in the preferred resource plan selection process. The preferred resource plan shall satisfy at least the following conditions:

(A) In the judgment of utility decision-makers, [the preferred plan shall] strike an appropriate balance between the various planning objectives specified in 4 CSR 240-22.010(2);[and

(B) The trend of expected unserved hours for the preferred resource plan must not indicate a consistent increase in the need for emergency imported power over the planning horizon.

(7) The impact of the preferred resource plan on future requirements for emergency imported power shall be explicitly modeled and quantified. The requirement for emergency imported power shall be measured by expected unserved hours under normal-weather load conditions.

(A) The daily normal-weather series used to develop normal-weather loads shall contain a representative amount of day-to-day temperature variation. Both the high and low extreme

values of daily normal-weather variables shall be consistent with the historical average of annual extreme temperatures.

(B) The supply-system simulation software used to calculate expected unserved hours shall be capable of accurately representing at least the following aspects of system operations:

1. Chronological dispatch, including unit commitment decisions that are consistent with the operational characteristics and constraints of all system resources;

2. Heat rates, fuel costs, variable operation and maintenance costs, and sulfur dioxide emission allowance costs for each generating unit;

3. Scheduled maintenance outages for each generating unit;

4. Partial- and full-forced-outage rates for each generating unit; and

5. Capacity and energy purchases and sales, including the full spectrum of possibilities, from long-term firm contracts or unit participation agreements to hourly economy transactions.

A. The utility shall maintain the capability to model purchases and sales of energy both with and without the inclusion of sulfur dioxide emission allowances.

B. The level of energy sales and purchases shall be consistent with forecasts of the utility's own production costs as compared to the forecasted production costs of other likely participants in the bulk power market; and

(C) The utility may use an alternative method of calculating expected unserved hours per year if it can demonstrate that the alternative method produces results that are equivalent to those obtained by a method that meets the requirements of subsection (7)(B).

(8) The utility shall quantify the] (B) Invest in advanced transmission and distribution technologies unless in the judgment of the utility decision makers, investing in those technologies to upgrade transmission and/or distribution networks is not in the public interest;

(C) Utilize demand-side resources to the maximum amount that comply with legal mandates and in the judgment of the utility decision makers are consistent with the public interest and achieve state energy policies; and

(D) In the judgment of the utility decision-makers, the preferred plan, in conjunction with the deployment of emergency demand response measures and access to short term and emergency power supplies, has sufficient resources to serve load forecasted under extreme weather conditions pursuant to 4 CSR 240-22.030(8)(B) for the implementation period. If the utility cannot affirm the sufficiency of resources, it shall consider an alternative resource plan or modifications to its preferred resource plan that can meet extreme weather conditions.

(2) The utility shall specify the ranges or combinations of outcomes for the critical uncertain factors that define the limits within which the preferred resource plan is judged to be appropriate and explain how these limits were determined. The utility shall also describe and document its assessment of whether, and under what circumstances, other uncertain factors associated with the preferred resource plan could materially affect the performance of the preferred resource plan relative to alternative resource plans.

(3) The utility shall describe and document its quantification of the expected value of better information concerning at least the critical uncertain factors that affect the performance of the preferred resource plan, as measured by the present value of utility revenue requirements. The

utility shall provide a tabulation of the key quantitative results of that analysis and a discussion of how those findings will be incorporated in ongoing research activities.

[(9)]

(4) The utility shall describe and document its contingency resource plans in preparation for the possibility that the preferred resource plan should cease to be appropriate, whether due to the limits identified pursuant to 4 CSR 240-22.070(2) being exceeded or for any other reason.

(A) The utility shall identify as contingency resource plans those alternative resource plans that become preferred if the critical uncertain factors exceed the limits developed pursuant to section (2).

(B) The utility shall develop a process to pick among alternative resource plans, or to revise the alternative resource plans as necessary to help ensure reliable and low cost service should the preferred resource plan no longer be appropriate for any reason. The utility may also use this process to confirm the viability of a contingency resource plans identified pursuant to section (4)(A).

(C) Each contingency resource plan shall satisfy the fundamental objectives in 4 CSR 240-22.010(2) and the specific requirements pursuant to 4 CSR 240-22.070(1).

(5) Analysis of Load-Building Programs. If the utility intends to continue existing load-building programs or implement new ones, it shall analyze these programs in the context of one (1) or more of the alternative resource plans developed pursuant to 4 CSR 240-22.060(3) of this rule, including the preferred resource plan selected pursuant to 4 CSR 240-22.070(1). This analysis shall use the same modeling procedure and assumptions described in 4 CSR 240-22.060(4). The utility shall describe and document:

(A) Its analysis of load building programs, including the following elements:

1. Estimation of the impact of load-building programs on the electric utility's summer and winter peak demands and energy usage;
2. A comparison of annual average rates in each year of the planning horizon for the resource plan(s) with and without the load-building program;
3. A comparison of the probable environmental costs of the resource plan(s) in each year of the planning horizon with and without the proposed load-building program;
4. A calculation of the performance measures and risk by year;
5. An assessment of any other aspects of the proposed load-building programs that affect the public interest; and

(B) All current and proposed load-building programs, a discussion of why these programs are judged to be in the public interest and, for all resource plans that include these programs, plots of the following over the planning horizon:

1. Annual average rates with and without the load-building programs; and
2. Annual utility costs and probable environmental costs with and without the load-building programs.

(6) The utility shall develop an implementation plan that specifies the major tasks[and], schedules and milestones necessary to implement the preferred resource plan over the implementation period. The utility shall describe and document its implementation plan, which shall contain:

(A) A schedule and description of ongoing and planned research activities to update and improve the quality of data used in load analysis and forecasting;

(B) A schedule and description of ongoing and planned demand-side programs[, *program*] and demand-side rates, evaluations and research activities to improve the quality of demand-side resources;

(C) A schedule and description of all supply-side resource research, engineering, retirement, acquisition and construction activities[; *and*], including research to meet expected environmental regulations;

(D) Identification of critical paths and major milestones for implementation of each demand-side resource [*acquisition project*] and each supply-side resource, including decision points for committing to major expenditures[.];

[(10) The utility shall develop, document and officially adopt a resource acquisition strategy. This means that the utility's resource acquisition strategy shall be formally approved by the board of directors, a committee of senior management, an officer of the company or other responsible party who has been duly delegated the authority to commit the utility to the course of action described in the resource acquisition strategy. The officially adopted resource acquisition strategy shall consist of the following components:

(A) A preferred resource plan selected pursuant to the requirements of section (6) of this rule;

(B) An implementation plan developed pursuant to the requirements of section (9) of this rule;

(C) A specification of the ranges or combinations of outcomes for the critical uncertain factors that define the limits within which the preferred resource plan is judged to be appropriate and an explanation of how these limits were determined;

(D) A set of contingency options that are judged to be appropriate responses to extreme outcomes of the critical uncertain factors and an explanation of why these options are judged to be appropriate responses to the specified outcomes; and

(E) A J(E) A description of adequate competitive procurement policies to be used in the acquisition and development of supply-side resources;

(F) A process for monitoring the critical uncertain factors on a continuous basis and reporting significant changes in a timely fashion to those managers or officers who have the authority to direct the implementation of contingency [options] resource plans when the specified limits for uncertain factors are exceeded[.]; and

[(11) Reporting Requirements. To demonstrate compliance with the provisions of this rule, and pursuant to the requirements of 4 CSR 240-22.080, the utility shall furnish at least the following information:

(A) A decision-tree diagram for each of the alternative resource plans along with narrative discussions of the following aspects of the decision analysis:

1. A discussion of the sequence and timing of the decisions represented by decision nodes in the decision tree and a description of the specific decision alternatives considered at each decision point; and

2. An explanation of how the critical uncertain factors were identified, how the ranges of potential outcomes for each uncertain factor were determined and how the subjective probabilities for each outcome were derived;

(B) Plots of the cumulative probability distribution of each performance measure for each alternative resource plan;

(C) For each performance measure, a table that shows the expected value and the risk of each resource plan;

(D) A plot of the expected level of annual unserved hours for the preferred resource plan over the planning horizon;

(E) A discussion of the analysis of the value of better information required by section (8), a tabulation of the key quantitative results of that analysis and a discussion of how those findings will be incorporated in ongoing research activities;

(F) A discussion of the process used to select the preferred resource plan, including the relative weights given to the various performance measures and the rationale used by utility decision-makers to judge the appropriate tradeoffs between competing planning objectives and between expected performance and risk; and

(G) The fully documented resource acquisition strategy that has been developed and officially adopted](G) A process for monitoring the progress made implementing the preferred resource plan in accordance with the schedules and milestones set out in the implementation plan and for reporting significant deviations in a timely fashion to those managers or officers who have the authority to initiate corrective actions to ensure the resources are implemented as scheduled.

(7) The utility shall develop, describe and document, officially adopt and implement a resource acquisition strategy. This means that the utility's resource acquisition strategy shall be formally approved by an officer of the utility who has been duly delegated the authority to commit the utility to the course of action described in the resource acquisition strategy. The officially adopted resource acquisition strategy shall consist of the following components:

(A) A preferred resource plan selected pursuant to the requirements of section (1) of this rule;

(B) An implementation plan developed pursuant to the requirements of section ([10]6) of this rule[.]; and

(C) A set of contingency resource plans developed pursuant to the requirements of section (4) of this rule and the point at which the critical uncertain factors would trigger the utility to move to each contingency resource plan as the preferred resource plan.

(8) Evaluation of Demand-Side Programs and Demand-Side Rates. The utility shall describe and document its evaluation plans for all demand-side programs and demand-side rates that are included in the preferred resource plan selected pursuant to 4 CSR 240-22.070(1). The evaluation plans for each program and rate shall be developed before the program or rate is implemented, and shall be filed with the tariff application for the program or rate. The purpose of these evaluations shall be to develop the information necessary to improve the design of existing and future demand-side programs and demand-side rates, to improve the forecasts of customer energy consumption and responsiveness to demand-side programs and demand-side rates, and to gather data on the implementation costs and load impacts of demand-side programs and demand-side rates for use in cost-effectiveness screening and integrated resource analysis.

(A) Process Evaluation. Each demand-side program and demand-side rate that is part of the utility's preferred resource plan shall be subjected to an ongoing evaluation process which addresses at least the following questions about program design:

1. What are the primary market imperfections that are common to the target market segment?

2. Is the target market segment appropriately defined or should it be further subdivided or merged with other market segments?

3. Does the mix of end-use measures included in the program appropriately reflect the diversity of end-use energy service needs and existing end-use technologies within the target market segment?

4. Are the communication channels and delivery mechanisms appropriate for the target market segment?

5. What can be done to more effectively overcome the identified market imperfections and to increase the rate of customer acceptance and implementation of each end-use measure included in the program?

(B) Impact Evaluation. The utility shall develop methods of estimating the actual load impacts of each demand-side program and demand-side rate included in the utility's preferred resource plan to a reasonable degree of accuracy.

1. Impact evaluation methods. At a minimum, comparisons of one (1) or both of the following types shall be used to measure program and rate impacts in a manner that is based on sound statistical principles:

A. Comparisons of pre-adoption and post-adoption loads of program or rate participants, corrected for the effects of weather and other intertemporal differences; and

B. Comparisons between program and rate participants' loads and those of an appropriate control group over the same time period.

2. The utility shall develop load-impact measurement protocols that are designed to make the most cost-effective use of the following types of measurements, either individually or in combination:

A. Monthly billing data, load research data, end-use load metered data, building and equipment simulation models, and survey responses; or

B. Audit data on appliance and equipment type, size and efficiency levels, household or business characteristics, or energy-related building characteristics.

(C) The utility shall develop protocols to collect data regarding demand-side program and demand-side rate market potential, participation rates, utility costs, participant costs and total costs.

(9) If, during the implementation period, a preferred resource plan is replaced by a contingency resource plan as a result of the limits of one or more of the critical uncertain factors being exceeded or for some other reason, the utility shall specify the ranges or combinations of outcomes for the critical uncertain factors that define the limits within which that contingency resource plan remains appropriate.

*AUTHORITY: sections 386.040, 386.250, 386.610 and 393.140, RSMo 2000. * Original rule filed June 12, 1992, effective May 6, 1993.*

**Original authority: 386.040, RSMo 1939; 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991; 386.610, RSMo 1939; and 393.140, RSMo 1939, amended 1949, 1967.*

PUBLIC COST: Adoption of this proposed amendment will not cost affected state agencies or political subdivisions more than \$500 in the aggregate.

PRIVATE COST: Adoption of this proposed amendment will not cost affected private entities more than \$500 in the aggregate.

NOTICE TO SUBMIT COMMENTS AND NOTICE OF PUBLIC HEARING: Anyone may file comments in support of or in opposition to this proposed amendment with the Missouri Public Service Commission, Steve Reed, Secretary of the Commission, P.O. Box 360, Jefferson City, MO 65102. To be considered, comments must be received at the Commission's offices on or before January 3, 2011, and should include a reference to Commission File No. EX-2010-0254. Comments may also be submitted via a filing using the Commission's electronic filing and information system (EFIS). A public hearing regarding this proposed rule is scheduled for January 6, 2011, at 9:00 a.m. in the commission's offices in the Governor Office Building, 200 Madison Street, Room 305, Jefferson City, Missouri. Interested persons may appear at this hearing to submit additional comments and/or testimony in support of or in opposition to this proposed amendment, and may be asked to respond to commission questions. Any persons with special needs as addressed by the Americans with Disabilities Act should contact the Missouri Public Service Commission at least ten (10) days prior to the hearing at one (1) of the following numbers: Consumer Services Hotline 1-800-392-4211 (voice) or Relay Missouri at 711.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of a Proposed Rulemaking)
Regarding Revision of the Commission's)
Chapter 22 Electric Utility Resource)
Planning Rules)

File No. EX-2010-0254

DISSENT OF COMMISSIONER JEFF DAVIS TO THE PROPOSED RULEMAKING REVISING THE COMMISSION'S CHAPTER 22 ELECTRIC UTILITY RESOURCE PLANNING RULES

I respectfully dissent from my colleagues' order to promulgate these rules as they are currently written.

Anyone who has ever been involved in the integrated resource planning (IRP) process knows these rules have desperately needed revision for years. It's taken a long time to get where we are. These rules are an improvement in some respects, but something important is missing: accountability for the Public Service Commission and the PSC Staff for any outcome in these IRP proceedings. It may seem like an antiquated note, but I think we need to take responsibility for the decisions we make – or in this case – fail to make.

Both the Missouri Energy Development Association (MEDA) and the Missouri Department of Natural Resources (MDNR) offered language whereby the Commission would at least "acknowledge" the utility's resource plan. "Acknowledgement" of the plan would enhance the process because it would force the parties and the staff to focus on outcomes as well as the process by which those outcomes were determined. After all, outcomes should be the purpose of the IRP process. More importantly, electric utilities could use the acknowledgement process to establish the prudence of making--or not making--certain large capital expenditures that are going to amount to billions of dollars over the next decade (e.g.

– whether to shut down and decommission one or more coal plants or to continue retrofitting all of them) before they get to a rate case and have to argue over imprudence or lack thereof.

Whether and how we address IRP decisions will definitely impact customer rates for years to come. Failing to act on the substance of IRPs constitutes a decision in and of itself. The Commission's failure sends a message of uncertainty to the utilities we regulate, their investors and Wall Street saying either "we want to be free to disavow your plan and disallow the expenses later" or "we are afraid to be criticized for acknowledging a plan that later failed."

Ultimately, our failure to address the substance of utility resource plans increases financing costs for capital investment projects as well as litigation costs in future rate cases because parties will litigate the issue in future cases and knowing the Commission may disallow expenses, lenders and investors will want higher returns. That uncertainty will assuredly cause Missouri investor-owned electric utilities to place the least possible amount of investment capital at risk short-term. This is important because the cheapest plan today will not likely be the cheapest plan over the next one to five years, and even less likely over the long-term (from 30 to 50 years). Thus, the ratepayers could end up paying higher rates long-term so the utility can consistently save a few dollars on the front end, or because the utility opted for cheaper, less reliable technology.

The importance of this issue is best illustrated by the decisions the Commission faces regarding our aging fleet of coal plants. In September, Wood Mackenzie's North American power research group issued a startling report that almost 60 gigawatts of coal-fired electric plants could be retired over the next decade. Independent verification of that estimate comes from Ellen Lapson, Managing Director of Corporate Ratings for Fitch Rating Agency. On

September 30, 2010, at the Financial Research Institute, Director Lapson said that Wood Mackenzie's number was a reasonable number. At least two Commissioners were present at that meeting.

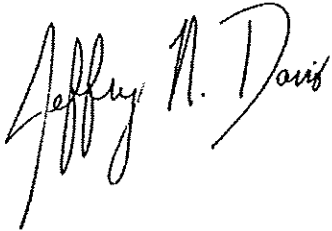
The findings of the Wood Mackenzie report ought to send a shiver down the spine of everyone here at the PSC as well as anyone employed by a Missouri utility. More than 80% of the electricity consumed in this state is fueled by coal. Collectively, Missouri utilities probably own around 10,000 megawatts of coal-fired generation, if not more. Ameren Missouri is the largest Missouri utility and owns several thousand megawatts of coal-fired generation all by itself, but everyone including the utilities who've camouflaged themselves as being leaders in the green revolution have similar risks. So, when the Wall Street analysts say "Coal is in the crosshairs" they mean pretty much every Missouri utility, but especially Ameren because they own the most coal plants, and that ultimately every utility customer in the state is in the crosshairs. Each and every one of our investor-owned electric utilities is going to make significant investment decisions regarding the retirement or retrofitting of a large fleet of coal plants averaging more than 40 years or older as well as the addition of new resources to replace these retiring coal plants, meet growing demand and comply with government mandates for utilities to buy certain amounts of "renewable" electricity.

Presidents and governors don't punt and this Commission shouldn't punt either. Hundreds of millions, if not billions, of dollars are at stake when our electric utilities make these decisions and customer rates are hanging in the balance. We owe it to the ratepayers and to the utilities we regulate to be decisive and thereby meet this Commission's statutory obligation to assure safe and adequate service for consumers at a just and reasonable rate. It's silly and unconscionable to spend a couple of years working on more than 60 pages of

rules that force the utility to think of every scenario, to document how every calculation is made, to check to see if the work was performed correctly and then do nothing with such documents except hold them, waiting to whip them out on some unsuspecting utility executive for not following a plan we don't intend to make them follow until the day they deviate from it.

In conclusion, a Commission majority that has shown a willingness to micro-manage electric utilities by requiring them to undertake low-income assistance programs and make our utilities buy Missouri wind-generated electricity ought not have a problem "acknowledging" whether an electric utility's preferred resource plan seems like a good or a bad one.

Respectfully submitted,

A handwritten signature in black ink, reading "Jeffery N. Davis". The signature is written in a cursive, flowing style with a large initial "J".

Jeff Davis, Commissioner

Dated at Jefferson City, Missouri
On this 25th day of October, 2010.

Small Business Regulatory Fairness Board

Small Business Impact Statement

Date: 9-13-2010

Rule Number: 4 CSR 240-22.070

Name of Agency Preparing Statement: Public Service Commission

Name of Person Preparing Statement: Lena Mantle

Phone Number: 573-751-520

Email: Lena.Mantle@psc.mo.gov

Name of Person Approving Statement:

Please describe the methods your agency considered or used to reduce the impact on small businesses (*examples: consolidation, simplification, differing compliance, differing reporting requirements, less stringent deadlines, performance rather than design standards, exemption, or any other mitigating technique*).

Not applicable, no small businesses impacted. Only directly impacts the four investor-owned utility companies in the state.

Please explain how your agency has involved small businesses in the development of the proposed rule.

Not applicable, no small businesses impacted. Only directly impacts the four investor-owned utility companies in the state. However, the MoPSC held stakeholder workshops where any interested entity could participate in the process.

Please list the probable monetary costs and benefits to your agency and any other agencies affected. Please include the estimated total amount your agency expects to collect from additionally imposed fees and how the moneys will be used.

This proposed rule will not cost state agencies or political subdivisions more than \$500 in the aggregate.

No additional fees will be collected specifically associated with this rulemaking.

Please describe small businesses that will be required to comply with the proposed rule and how they may be adversely affected.

Not applicable, no small businesses impacted. Only directly impacts the four investor-owned utility companies in the state.

Please list direct and indirect costs (in dollars amounts) associated with compliance.

Not applicable, no small businesses impacted. Only directly impacts the four investor-owned utility companies in the state.

Please list types of business that will be directly affected by, bear the cost of, or directly benefit from the proposed rule.

The four investor-owned electric utilities in the state.

Does the proposed rule include provisions that are more stringent than those mandated by comparable or related federal, state, or county standards?

Yes___ No_☒_

If yes, please explain the reason for imposing a more stringent standard.

For further guidance in the completion of this statement, please see §536.300, RSMo.