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Missouri Public
Service Commission

Robin Carnahan
Secretary of State

Administrative Rules Division
Rulemaking Transmittal Receipt

Rule ID: 12163
Date Printed: 10/25/2010
Rule Number: 4 CSR 240-22.060
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

Print Close

Robin Carnahan

Secretary of State
Administrative Rules Division

RULE TRANSMITTAL

Administrative Rules Stamp

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SECRETARY OF STATE
ADMINISTRATIVE RULES

COPY

Rule Number 4 CSR 240-22.060

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 Fairness Board (DED) Stamp

SMALL BUSINESS
REGULATORY FAIRNESS BOARD
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JCAR Stamp

JOINT COMMITTEE ON
OCT 25 2010
ADMINISTRATIVE RULES

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KEVIN GUNN
ROBERT S. KENNEY

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
http://www.psc.mo.gov

WESS A. HENDERSON
Executive Director
DANA K. JOYCE
Director, Administration and Regulatory Policy
ROBERT SCHALLENBERG
Director, Utility Services
NATELLE DIETRICH
Director, Utility Operations
STEVEN C. REED
Secretary/General Counsel
KEVIN A. THOMPSON
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 240-22.060 Integrated Resource Plan and Risk Analysis

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

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
200 Madison Street
P.O. Box 360
Jefferson City, MO 65102
(573) 751-2849
morris.woodruff@psc.mo.gov

Morris L. Woodruff

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 240-22.060, is less than five hundred dollars in the aggregate to this agency, any other agency of state government or any political subdivision thereof.

David W Kerr

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 July 2011.

Annette Kehner

ANNETTE KEHNER
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 17, 20
Commission Number: 07492656

ANNETTE KEHNER
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 17, 2011
Commission Number: 07492656

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

PROPOSED AMENDMENT

4 CSR 240-22.060 Integrated Resource Plan and Risk Analysis. Risk analysis that was previously in 4 CSR 240-22.070 was updated and moved to this rule. In addition, sections (3) – (5) of the current rule was removed.

PURPOSE: This rule requires the utility to design alternative resource plans to meet the planning objectives identified in 4 CSR 240-22.010(2) and sets minimum standards for the scope and level of detail required in resource plan analysis, and for the logically consistent and economically equivalent analysis of alternative resource plans. ***This rule also requires the utility to identify the critical uncertain factors that affect the performance of alternative resource plans and establishes minimum standards for the methods used to assess the risks associated with these uncertainties.***

PURPOSE: This proposed amendment moves the risk analysis currently found in 4 CSR 240-22.070 into the integration process. It also sets out definite filing requirements to document the process.

(1) Resource Planning Objectives. The utility shall design alternative resource plans to satisfy at least the objectives and priorities identified in 4 CSR 240-22.010(2). The utility may identify additional planning objectives that alternative resource plans will be designed to *[serve.* **meet. The utility shall describe and document its additional planning objectives and its guiding principles to design alternative resource plans that the satisfy all of the planning objectives and priorities.**

(2) Specification of Performance Measures. The utility shall specify, **describe and document** a set of quantitative measures for assessing the performance of alternative resource plans with respect to *[identified]***resource** planning objectives.

(A) These **performance** measures shall include at least the following: *[present]*

1. **Present** worth of utility revenue requirements, *[present]***with and without any financial performance incentives the utility is planning to request;**

2. **Present** worth of probable environmental costs*[, present]*;

3. **Present** worth of out-of-pocket costs to participants in demand-side programs*[, levelized annual average]* **and** rates*[and maximum]*;

4. **Levelized annual average rates;**

5. **Maximum** single-year increase in annual average rates*[.]*;

6. **Financial ratios or other credit metrics indicative of the utility's ability to finance alternative resource plans; and**

7. **Other measures that utility decision-makers believe are appropriate for assessing the performance of alternative resource plans relative to the planning objectives identified in 4 CSR 240-22.010(2).**

(B) All present worth and levelization calculations shall use the utility discount rate and all costs and benefits shall be expressed in nominal dollars. *[Utility decision-makers may also specify other measures that they believe are appropriate for assessing the performance of resource plans relative to the planning objectives identified in 4 CSR 240-22.010(2).]*

(3) Development of Alternative Resource Plans. The utility shall use appropriate combinations of *[candidate]*demand-side **resources** and supply-side resources to develop a set of alternative resource plans, each of which is designed to achieve one (1) or more of the planning objectives identified in 4 CSR 240-22.010(2). **Demand-side resources are the demand-side candidate resource options and portfolios developed in 4 CSR 240-22.050(6). Supply-side resources are the supply-side candidate resource options developed in 4 CSR 240-22.040(4). The goal is to develop a set of alternative plans based on substantively different mixes of supply-side resources and demand-side resources to assess their relative performance under expected conditions as well as their robustness under a broad range of conditions.**

(A) The utility shall develop, and describe and document, at least one alternative resource plan, and as many as may be needed to assess the range of resource options, for each of the following cases. Each of the alternative resource plans for cases pursuant to (A)1. through (A)5. of this section shall provide resources to meet at least the projected load growth and resource retirements over the planning period in a manner specified by the case. The utility shall examine cases that:

1. Minimally comply with legal mandates for demand-side resources, renewable energy resources, and other mandated energy resources. This constitutes the compliance benchmark resource plan for planning purposes;

2. Utilize only renewable energy resources, up to the maximum potential capability of renewable resources in each year of the planning horizon, if that results in more renewable energy resources than the minimally compliant plan. This constitutes the aggressive renewable energy resource plan for planning purposes;

3. Utilize only demand-side resources, up to the maximum technical potential of demand-side resources in each year of the planning horizon, if that results in more demand-side resources than the minimally compliant plan. This constitutes the aggressive demand-side resource plan for planning purposes;

4. In the event that legal mandates identify energy resources other than renewable energy or demand-side resources, utilize only the other energy resources, up to the maximum potential capability of the other energy resources in each year of the planning horizon, if that results in more of the other energy resources than the compliance benchmark resource plan. For planning purposes, this constitutes the aggressive legally mandated other energy resource plan;

5. Optimally comply with legal mandates for demand-side resources, renewable energy resources, and other targeted energy resources. This constitutes the optimal compliance resource plan, where every legal mandate is at least minimally met, but some resources may be optimally utilized at levels greater than the mandated minimums;

6. Any other plan specified by the staff as a special contemporary issue pursuant to 4 CSR 240-22.080(4);

7. Any other plan specified by commission order; and

8. Any additional alternative resource plans that the utility deems should be analyzed.

(B) The alternative resource plans developed at this stage of the analysis shall not include load-building programs, which shall be analyzed as required by *[section (5) of this rule]* **4 CSR 240-22.070(5)**.

[(4) Analysis of Alternative Resource Plans]. **(C)** The utility shall *[assess the relative performance of the]***include in its development of** alternative resource plans *[by calculating for each plan]*the *[value of each performance measure specified pursuant to section (2). This calculation shall assume values for uncertain factors that are judged by utility decision-makers to be most likely. The analysis shall cover a planning horizon of at least twenty (20) years and shall be carried out with computer models that are capable of simulating the total operation of the system on a year-by-year basis in order to assess the cumulative impacts of alternative resource plans. These models shall be sufficiently detailed to accomplish the following tasks and objectives:*

(A) The financial] impact of*[alternative resource plans shall be modeled in sufficient detail to provide comparative estimates of at least the following measures of the utility's financial condition for each year of the planning horizon: pretax interest coverage, ratio of total debt to total capital and ratio of net cash flow to capital expenditures;]*:

[(B) The modeling procedure shall be based on the assumption that rates will be adjusted annually, in a manner that is consistent with Missouri law. This provision does not imply any requirement for the utility to file actual rate cases or for the commission to accord any particular ratemaking treatment to actual costs incurred by the utility;] **1. The potential retirement or life extension of existing generation plants;**

*[(C)]***2.** The *[modeling procedure shall include a method to ensure that the impact]***addition** of *[changes in electric rates]***equipment** on *[future levels of demand for electric service is accounted for in the analysis; and*

(D) The modeling procedure shall treat supply-side and demand-side resources on a logically consistent and economically equivalent basis. This means that the same types or categories of costs, benefits and risks shall be considered, and that these factors shall be quantified at a similar level of detail and precision for all resource types.

(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 plans developed pursuant to section (3) of this rule, including the preferred resource plan selected pursuant to 4 CSR 240-22.070(6). This analysis shall use the same modeling procedure and assumptions described in section (4) and shall include the following elements:

(A) Estimation of the impact of load-building programs on the electric utility's summer and winter peak demands and energy usage;

(B) A comparison of annual average rates in each year of the planning horizon for the resource plan with and without the load-building program;

*(C) A comparison of the probable]***generation plants to meet** environmental *[costs of the resource plan in each year of the planning horizon with and without the proposed load-building program; and*

(D) An assessment of any other aspects of the proposed load-building programs that affect the public interest.

*(6) 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 prepare a report that contains at least the following information:]*; **and**

[(A) A] **3. The conclusion of any currently implemented demand-side resources.**

(D) The utility shall provide a description of each alternative resource plan including the type and size of each **demand-side resource and supply-side** resource addition and a listing of the sequence and schedule for *[retiring]***the end of life of** existing resources and *[acquiring]***for the acquisition of** each new resource*[addition;]***.**

[(B]

(4) Analysis of Alternative Resource Plans. The utility shall describe and document its assessment of the relative performance of the alternative resource plans by calculating for each plan the value of each performance measure specified pursuant to section (2). This calculation shall assume values for uncertain factors that are judged by utility decision-makers to be most likely. The analysis shall cover a planning horizon of at least twenty (20) years and shall be carried out on a year-by-year basis in order to assess the annual and cumulative impacts of alternative resource plans. The analysis shall be based on the assumption that rates will be adjusted annually, in a manner that is consistent with Missouri law. The analysis shall treat supply-side and demand-side resources on a logically consistent and economically equivalent basis, such that the same types or categories of costs, benefits and risks shall be considered, and such that these factors shall be quantified at a similar level of detail and precision for all resource types. The utility shall provide the following information:

(A) A summary tabulation that shows the performance of each alternative resource plan as measured by each of the measures specified in section (2) of this rule;

(*[C]***B**) For each alternative resource plan, a plot of each of the following over the planning horizon:

1. The combined impact of all demand-side resources on the base-case forecast of summer and winter peak demands;

2. The composition, by program **and rate**, of the capacity provided by demand-side resources;

3. The composition, by supply-**side** resource, of the capacity *[(including reserve margin)]***at the customers' meters** provided by supply-**side** resources. Existing supply-side resources may be shown as a single resource;

4. The combined impact of all demand-side resources on the base-case forecast of annual energy requirements;

5. The composition, by program **and rate**, of the annual energy provided by demand-side resources;

6. The composition, by supply-**side** resource, of the annual energy *[(including losses)]***at the customer's meters** provided by supply-**side** resources. Existing supply-side resources may be shown as a single resource;

7. *[The values of the three (3) measures of financial condition identified in subsection (4)(A);*

8. Annual average rates;

*9.]*Annual emissions of each environmental pollutant identified pursuant to 4 CSR 240-22.040(2)(B)*[1; and]***;**

*[10]***8.** Annual probable environmental costs*[.]***; and**

9. Public and highly confidential forms of the capacity balance spreadsheets completed in the specified format.

(C) The analysis of economic impact of alternative resource plans, calculated with and without utility financial incentives, shall provide comparative estimates for each year of the planning horizon:

1. For the following performance measures for each year;

A. Estimated annual revenue requirement;

B. Estimated annual average rates and impacts on retail rates; and

C. Estimated company financial ratios.

2. If the estimated company financial ratios in 1.C. of this section are below investment grade in any year of the planning horizon, a description of any changes in legal mandates and cost recovery mechanisms necessary for the utility to maintain an investment grade credit rating in each year of the planning horizon and the resulting performance measures in 1.A. through 1.C. of the alternative resource plans.

(D) A discussion of how the impacts of rate changes on future electric loads were modeled and how the appropriate estimates of price elasticity were obtained;

(E) A **discussion of the incremental costs of implementing more renewable energy resources than required to comply with renewable energy legal mandates;**

(F) A discussion of the incremental costs of implementing more energy efficiency resources than required to comply with energy efficiency legal mandates;

(G) A discussion of the incremental costs of implementing more energy resources than required to comply with any other energy resource legal mandates; and

(H) A description of the computer models used in the analysis of alternative resource plans*[; and]***.**

[(F) A description of any 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.]

(5) The utility shall describe and document its selection of the uncertain factors that are critical to the performance of the alternative resource plans. The utility shall consider 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 and access to capital;

(C) Future changes in legal mandates;

(D) Relative real fuel prices;

(E) Siting and permitting costs and schedules for new generation and generation-related transmission facilities for the utility, for a regional transmission organization and/or other transmission systems;

(F) Construction costs and schedules for new generation and generation-related transmission facilities for the utility, for a regional transmission organization and/or other transmission systems;

(G) Purchased power availability, terms, cost, optionality and other benefits;

(H) Price of emission allowances, including at a minimum sulfur dioxide, carbon dioxide and nitrogen oxides;

(I) Fixed operation and maintenance costs for new and 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 demand-side rates;

(L) Utility marketing and delivery costs for demand-side programs and demand-side rates; and

(M) Any other uncertain factors that the utility determines may be critical to the performance of alternative resource plans.

(6) The utility shall describe and document its assessment of 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) and analyze the risks associated with alternative resource plans. This assessment shall explicitly describe and document the probabilities that utility decision-makers assign to each critical uncertain factor.

(7) The utility decision-makers shall assign a probability pursuant to section (5) of this rule to each uncertain factor deemed critical by the utility. The utility shall compute the cumulative probability distribution of the values of each performance measure specified pursuant to 4 CSR 240-22.060(2). Both the expected performance and the risks of each alternative resource plan shall be quantified. The utility shall describe and document its risk assessment of each alternative resource plan.

(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.

(C) The utility shall provide:

1. A discussion of the method the utility used to determine the cumulative probability.

A. 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 probabilities for each outcome were derived; and

B. Analyses supporting the utility's choice of ranges and probabilities for the uncertain factors;

2. Plots of the cumulative probability distribution of each distinct performance measure for each alternative resource plan;

3. For each performance measure, a table that shows the expected value and the risk of each alternative resource plan; and

4. A plot of the expected level of annual unserved hours for each alternative resource plan over the planning horizon.

*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 cost affected private entities $30,000 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,

Jeffrey N. Davis

Jeff Davis, Commissioner

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

FISCAL NOTE
PRIVATE COST

I. Department Title: Missouri Department of Economic Development
Division Title: Missouri Public Service Commission
Chapter Title: Chapter 22 - Electric Utility Resource Planning

Rule Number and Title:	4 CSR 240-22.060 Integrated Resource Plan and Risk Analysis
Type of Rulemaking:	Rule Revision

II. SUMMARY OF FISCAL IMPACT

Estimate of the number of entities by class which would likely be affected by the adoption of the rule:	Classification by types of the business entities which would likely be affected:	Estimate in the aggregate as to the first year cost of compliance with the rule by the affected entities:	Estimate in the aggregate as to the cost of compliance with the rule by the affected entities (years 2-4):
4	Investor-owned electric utilities	$30,000	$20,000

III. WORKSHEET

1. KCPL estimated a $10,000 one time cost
2. Empire estimated $120,000 for more consultant time
3. AmerenUE did not estimate a cost impact for these changes

II. ASSUMPTIONS

1. Costs supplied for KCPL are assumed to be for both KCP&L and KCP&L – Greater Missouri Operations Company (GMO).
2. Empire currently has consultants do this analysis. An increase in its consulting cost is not unreasonable.
3. Changes to filing frequency for Empire result in Empire having to meet the full rule requirements every six years instead of the current requirement of every 3 years. Therefore annual cost for Empire is estimated at $120,000/6 or $20,000
4. *Therefore, the estimated one time cost for the changes to this rule is $10,000 and an annual cost of $20,000.*

Small Business Regulatory Fairness Board
Small Business Impact Statement

Date: 9-13-2010

Rule Number: 4 CSR 240-22.060

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_X_

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.