

4 CSR 240-3.YYY Electric Utility Renewable Energy Standard Rate Adjustment Mechanism Filing and Submission Requirements

PURPOSE: This rule sets forth the information that an electric utility must provide when it seeks to establish, continue, modify, or discontinue cost recovery or benefit pass through related to compliance with the Renewable Energy Standard.

(1) As used in this rule, the following terms mean:

(A) Commission means the Public Service Commission of the State of Missouri;

(B) Calendar year means a period of 365 days (or 366 days for leap years) that includes January 1 of the year and all subsequent days through and including December 31 of the same year;

(C) EFIS means the electronic filing and information system of the commission;

(D) Electric utility means an electrical corporation as defined in section 386.020, RSMo;

(E) General rate proceeding means a general rate increase proceeding or complaint proceeding before the commission in which all relevant factors that may affect the costs, or rates and charges of the electric utility are considered by the commission;

(F) Rate class means a customer class defined in an electric utility's tariff. Generally, rate classes include Residential, Small General Service, Large General Service and Large Power Service, but may include additional rate classes. Each rate class includes all customers served under all variations of the rate schedules available to that class.

(G) REC, Renewable Energy Credit, or Renewable Energy Certificate means a tradable certificate, certified by an entity allowed as an acceptable accreditation authority by the commission. RECs must be validated through an attestation signed by an authorized individual of the company owning the renewable energy resource. Such attestation shall contain the name and address of the generator, the type of renewable energy resource, and the time and date of the generation. A REC represents that one megawatt-hour of electricity has been generated from renewable energy resources. RECs include, but are not limited to solar renewable energy credits. A REC expires

three (3) years from the date the electricity associated with that REC was generated;

(H) Renewable energy resource(s) means electric energy produced from the following:

1. Wind;
2. Solar, including solar thermal sources utilized to generate electricity, photovoltaic cells or panels;
3. Dedicated crops grown for energy production;
4. Cellulosic agricultural residues;
5. Plant residues;
6. Methane from landfills or wastewater treatment;
7. Clean and untreated wood, such as pallets;
8. Hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has generator nameplate rating(s) of ten (10) megawatts or less;
9. Fuel cells using hydrogen produced by one of the renewable energy technologies in paragraphs 1 through 8 of this subsection; and
10. Other sources of energy not including nuclear that become available after November 4, 2008 and are certified as renewable by rule by the Department of Natural Resources.

(I) RES or Renewable Energy Standard means sections 393.1025 and 393.1030, RSMo;

(J) RESRAM or Renewable Energy Standard Rate Adjustment Mechanism means a mechanism that allows periodic rate adjustments to recover prudently incurred RES compliance costs and pass-through to customers the benefits of any savings achieved in meeting the requirements of the Renewable Energy Standard;

(K) RES compliance costs means prudently incurred costs, both capital and expense, directly related to compliance with the Renewable Energy Standard. Prudently incurred costs do not include any increased costs resulting from negligent or wrongful acts or omissions by the electric utility;

(L) RES requirements mean the numeric values and other requirements established by section 393.1030.1, RSMo and 4 CSR 240-20.XXX(2)(A) and (B);

(M) The RES revenue requirement shall be comprised of the following:

1. All expensed RES compliance costs (other than taxes and depreciation associated with capital projects) that are included in the electric utility's revenue

requirement in the rate proceeding in which the RESRAM is established; and

2. The costs (i.e., the return, taxes and depreciation) of any capital projects whose primary purpose is to permit the electric utility to comply with any RES requirement. The costs of such capital projects shall be those identified on the electric utility's books and records as of the last day of the test year, as updated, utilized in the rate proceeding in which the RESRAM is established;

(N) Solar renewable energy credit or S-REC means a REC created by generation of electric energy from solar thermal sources, photovoltaic cells and panels;

(O) Staff means the staff of the commission;

(P) Total retail electric sales, or total retail electric energy usage, means the megawatt-hours of electricity delivered in a specified time period by an electric utility to its Missouri retail customers as measured at the customers' meters;

(Q) Utility renewable energy resources mean those renewable energy resources that are owned, controlled or purchased by the electric utility.

(2) When an electric utility files an application and rate schedules to establish a RESRAM as described in 4 CSR 240-20.XXX, the electric utility shall file at the same time supporting direct testimony and the following supporting information as part of, or in addition to, its supporting direct testimony:

(A) An example of the notice to be provided to customers as required by 4 CSR 240-20.XXX;

(B) An example customer bill showing how the proposed RESRAM shall be separately identified on affected customers' bills in accordance with 4 CSR 240-20.XXX;

(C) Proposed RESRAM rate schedules;

(D) A general description of the design and intended operation of the proposed RESRAM;

(E) A complete description of how the proposed RESRAM is compatible with the requirement for prudence reviews;

(F) A complete explanation of all the costs that shall be considered for recovery under the proposed RESRAM and the specific account used for each cost item on the electric utility's books and records;

(G) A complete explanation of all of the costs, both capital and expense, incurred for RES compliance that the electric utility is proposing be included in base rates and

the specific account used for each cost item on the electric utility's books and records;

(H) A complete explanation of all the revenues that shall be considered in the determination of the amount eligible for recovery under the proposed RESRAM and the specific account where each such revenue item is recorded on the electric utility's books and records;

(I) A complete explanation of any feature designed into the proposed RESRAM or any existing electric utility policy, procedure, or practice that can be relied upon to ensure that only prudent costs shall be eligible for recovery under the proposed RESRAM;

(J) For each of the major categories of costs, that the electric utility seeks to recover through its proposed RESRAM, a complete explanation of the specific rate class cost allocations and rate design used to calculate the proposed RES compliance revenue requirement and any subsequent RESRAM rate adjustments during the term of the proposed RESRAM; and

(K) The electric utility's RES compliance plan including a complete description of:

1. The electric utility's long-term RES compliance planning process;
2. The analysis performed to develop the electric utility's RES compliance plan; and
3. If the RES compliance plan is inconsistent with the electric utility's most recent resource plan filing, a detailed explanation of why such inconsistencies exist.

(3) When an electric utility files a general rate proceeding following the rate proceeding that established its RESRAM as described by 4 CSR 240-20.XXX in which it requests that its RESRAM be continued or modified, the electric utility shall file with the commission and serve parties, as provided in sections (8) through (10) in this rule, the following supporting information 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.XXX;

(B) If the electric utility proposes to change the identification of the RESRAM on the customer's bill, an example customer bill showing how the proposed RESRAM shall be separately identified on affected customers' bills, including the proposed language, in accordance with 4 CSR 240-20.XXX;

(C) Proposed RESRAM rate schedules;

(D) A general description of the design and intended operation of the proposed RESRAM;

(E) A complete description of how the proposed RESRAM is compatible with the requirement for prudence reviews;

(F) A complete explanation of all the costs that shall be considered for recovery under the proposed RESRAM and the specific account used for each cost item on the electric utility's books and records;

(G) A complete explanation of all of the costs, both capital and expense, incurred for RES compliance that the electric utility is proposing be included in base rates and the specific account used for each cost item on the electric utility's books and records;

(H) A complete explanation of all the revenues that shall be considered in the determination of the amount eligible for recovery under the proposed RESRAM and the specific account where each such revenue item is recorded on the electric utility's books and records;

(I) A complete explanation of any feature designed into the proposed RESRAM or any existing electric utility policy, procedure, or practice that can be relied upon to ensure that only prudent costs shall be eligible for recovery under the proposed RESRAM;

(J) For each of the major categories of costs, that the electric utility seeks to recover through its proposed RESRAM, a complete explanation of the specific rate class cost allocations and rate design used to calculate the proposed RES compliance revenue requirement and any subsequent RESRAM rate adjustments during the term of the proposed RESRAM;

(K) A description of how responses to subsections (3)(B) through (J) differ from responses to subsections (3)(B) through (J) for the currently approved RESRAM;

(L) The electric utility's RES compliance plan including a complete description of—

1. The electric utility's long-term RES compliance planning process;

2. The analysis performed to develop the electric utility's RES compliance plan; and

3. If the RES compliance plan is inconsistent with the electric utility's most recent resource plan filing, a detailed explanation of why such inconsistencies exist; and

(P) Any additional information that may have been ordered by the commission in the prior rate proceeding to be provided.

(4) When an electric utility files a rate proceeding following the rate proceeding that established its RESRAM as described in 4 CSR 240-20.XXX in which it requests that its RESRAM be discontinued, the electric utility shall file with the commission and serve parties as provided in sections (8) through (10) in this rule, the following supporting information 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.XXX;

(B) The periodic adjustment shall reflect a comprehensive measurement of both increases and decreases to the RES compliance revenue requirement established in the prior rate proceeding plus the additional RES compliance costs incurred since the prior rate proceeding.

(C) A complete explanation of why the RESRAM is no longer necessary; and

(D) Any additional information that may have been ordered by the commission in the prior rate proceeding to be provided.

(5) Each electric utility with a RESRAM shall submit, with an affidavit attesting to the veracity of the information, the following information on a monthly basis to the manager of the auditing department of the commission, the Office of the Public Counsel (OPC) and others, as provided in sections (8) through (10) in this rule. The information may be submitted to the manager of the auditing department through EFIS. The following information shall be aggregated by month and supplied no later than sixty (60) days after the end of each month when the RESRAM is in effect. The first submission shall be made within sixty (60) days after the end of the first complete month after the RESRAM goes into effect. It shall contain, at a minimum:

(A) The revenues billed pursuant to the RESRAM by rate class and voltage level, as applicable;

(B) The revenues billed through the electric utility's base rate allowance by rate class and voltage level;

(C) All significant factors that have affected the level of RESRAM revenues along with workpapers documenting these significant factors;

(D) The difference, by rate class and voltage level, as applicable, between the total billed RESRAM revenues and the projected RESRAM revenues;

(E) Any additional information ordered by the commission to be provided; and

(F) To the extent any of the requested information outlined above is provided in response to another section, the information only needs to be provided once.

(6) Each electric utility with a RESRAM shall submit, with an affidavit attesting to the veracity of the information, a Surveillance Monitoring Report, which shall be treated as highly confidential, as required in 4 CSR 240-20.XXX, to the manager of the auditing department of the commission, OPC and others as provided in sections (8) through (10) in this rule. The information may be submitted to the manager of the auditing department through EFIS.

(A) There are five (5) parts to the electric utility Surveillance Monitoring Report. Each part, except Part one, Rate Base Quantifications, shall contain information for the last twelve (12)- month period and the last quarter data for total company electric operations and Missouri jurisdictional operations. Page one, Rate Base Quantifications shall contain only information for the ending date of the period being reported. The form of the Surveillance Monitoring Report is included herein.

1. Rate Base Quantifications Report. The quantification of rate base items on Page one shall be consistent with the methods or procedures used in the most recent rate proceeding unless otherwise specified. The report shall consist of specific rate base quantifications of:

- A. Plant in service;
- B. Reserve for depreciation;
- C. Materials and supplies;
- D. Cash working capital;
- E. Fuel inventory;
- F. Prepayments;
- G. Other regulatory assets;
- H. Customer advances;
- I. Customer deposits;
- J. Accumulated deferred income taxes;
- K. Any other item included in the utility's rate base in the most recent rate proceeding;
- L. Net Operating Income from Page three; and
- M. Calculation of the overall return on rate base.

2. Capitalization Quantifications Report. Page two shall consist of specific capitalization quantifications of:

- A. Common stock equity (net);

B. Preferred stock (par or stated value outstanding);

C. Long-term debt (including current maturities);

D. Short-term debt; and

E. Weighted cost of capital including component costs.

3. Income Statement. Page three shall consist of an income statement containing specific quantification of:

A. Operating revenues to include sales to industrial, commercial and residential customers, sales for resale and other components of total operating revenues;

B. Operating and maintenance expenses for fuel expense, production expenses, purchased power energy and capacity;

C. Transmission expenses;

D. Distribution expenses;

E. Customer accounts expenses;

F. Customer service and information expenses;

G. Sales expenses;

H. Administrative and general expenses;

I. Depreciation, amortization and decommissioning expense;

J. Taxes other than income taxes;

K. Income taxes; and

L. Quantification of heating degree and cooling degree days, actual and normal.

4. Jurisdictional Allocation Factor Report. Page four shall consist of a listing of jurisdictional allocation factors for the rate base, capitalization quantification reports and income statement.

5. Financial Data Notes. Page five shall consist of notes to financial data including, but not limited to:

A. Out-of-period adjustments;

B. Specific quantification of material variances between actual and budget financial performance;

C. Material variances between current twelve (12)-month period and prior twelve (12)-month period revenue;

D. Expense level of items ordered by the commission to be tracked pursuant to the order establishing the RESRAM;

E. Budgeted capital projects; and

F. Events that materially affect debt or equity surveillance components;

(B) The Surveillance Monitoring Report shall contain any additional information ordered by the commission to be provided.

(C) The electric utility shall annually submit its approved budget, in electronic form, based upon its budget year in a format similar to the Surveillance Monitoring Report. The budget submission shall provide a quarterly and annual quantification of the electric utility's income statement. The budget shall be submitted within thirty (30) days of its approval 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 treated as highly confidential pursuant to 4 CSR 240-2.135.

(D) If the electric utility has a rate adjustment mechanism as defined in 4 CSR 240-20.090(1)(G), the surveillance report submitted by the electric utility as required by 4 CSR 240-3.161(6) shall meet the surveillance reporting required by this section.

(E) If the electric utility has a Environmental Cost Recovery Mechanism as defined in 4 CSR 240-20.091(1)(B), the surveillance report submitted by the electric utility as required by 4 CSR 240-3.162(6) shall meet the surveillance reporting required by this section.

(7) When an electric utility files rate schedules to continue or adjust a RESRAM rate as described in 4 CSR 240-20.XXX with the commission, and serves upon parties as provided in sections (8) through (10) in this rule, the rate schedules must be accompanied by supporting direct testimony, and at least the following supporting information:

(A) The following information shall be included with the filing:

1. For the period from which historical costs are used to adjust the RESRAM rate:

A. REC costs differentiated by purchases, swaps and loans;

B. Net revenues from REC sales, swaps and loans;

C. Extraordinary costs not to be passed through, if any, due to such costs being an insured loss, or subject to reduction due to litigation or for any other reason;

D. Base rate component of RES compliance costs and revenues;

E. Identification of capital projects placed in service that were not anticipated in the previous general rate proceeding; and

F. Any additional requirements ordered by the commission in the prior rate proceeding;

2. The levels of RES compliance capital costs and expenses in the base rate revenue requirement from the prior general rate proceeding;

3. The levels of RES compliance capital cost in the base rate revenue requirement from the prior general rate proceeding as adjusted for the proposed date of the periodic adjustment;

4. The capital structure as determined in the prior rate proceeding;

5. The cost rates for the electric utility's debt and preferred stock as determined in the prior rate proceeding;

6. The electric utility's cost of common equity as determined in the prior rate proceeding; and

7. Calculation of the proposed RESRAM collection rates; and

(B) Workpapers supporting all items in subsection (7)(A) shall be submitted to the manager of the auditing department, and served upon parties as provided in sections (9) through (11) in this rule. The workpapers may be submitted to the manager of the auditing department through EFIS.

(8) Providing to other parties items required to be filed or submitted in preceding sections (3) through (7). Information required to be filed with the commission or submitted to the manager of the auditing department of the commission and to OPC in sections (3) through (7) shall also be, in the same format, served on or submitted to any party to the related rate proceeding in which the RESRAM was approved by the commission, periodic adjustment proceeding, prudence review, or general rate case to modify, continue or discontinue the same RESRAM, pursuant to the procedures in 4 CSR 240-2.135 for handling confidential information, including any commission order issued thereunder.

(9) Party status and providing to other parties affidavits, testimony, information, reports and workpapers in related proceedings subsequent to rate proceeding establishing RESRAM.

(A) A person or entity granted intervention in a rate proceeding in which a RESRAM is approved by the commission, shall be a party to any subsequent related periodic adjustment proceeding or prudence review, without the necessity of applying to the commission for intervention. In any subsequent general rate proceeding, such person or entity must seek and be granted status as an intervenor to be a party to that case. Affidavits, testimony, information, reports, and workpapers to be filed or submitted in connection with a subsequent related periodic adjustment proceeding, prudence review, or general rate case to modify, continue or discontinue the same RESRAM shall be served on or submitted to all parties from the prior related rate proceeding and on all parties from any subsequent related periodic adjustment proceeding, prudence review, or general rate case to modify, continue or discontinue the same RESRAM, concurrently with filing the same with the commission or submitting the same to the manager of the auditing department of the commission and OPC, pursuant to the procedures in 4 CSR 240-2.135 for handling confidential information, including any commission order issued thereunder.

(B) A person or entity not a party to the rate proceeding in which a RESRAM is approved by the commission may timely apply to the commission for intervention, pursuant to 4 CSR 240-2.075(2) through (4) of the commission's rule on intervention, respecting any related subsequent periodic adjustment proceeding, or prudence review, or, pursuant to 4 CSR 240-2.075(1) through (5), respecting any subsequent general rate case to modify, continue or discontinue the same RESRAM. If no party to a subsequent periodic adjustment proceeding or prudence review, objects within ten (10) days of the filing of an application for intervention, the applicant shall be deemed as having been granted intervention without a specific commission order granting intervention, 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.

(10) Discovery. The results of discovery from a rate proceeding where the commission may approve, modify, reject, continue or discontinue a RESRAM, or from any

subsequent periodic adjustment proceeding or prudence review relating to the same RESRAM, may be used without a party resubmitting the same discovery requests (data requests, interrogatories, requests for production, requests for admission, or depositions) in the subsequent proceeding to parties that produced the discovery in the prior proceeding, subject to a ruling by the commission concerning any evidentiary objection made in the subsequent proceeding.

(11) Supplementing and updating data requests in subsequent related proceedings. If a party which submitted data requests relating to a proposed RESRAM in the rate proceeding where the RESRAM was established or in any subsequent related periodic adjustment proceeding or prudence review wants the responding party to whom the prior data requests were submitted to supplement or update that responding party's prior responses for possible use in a subsequent related periodic adjustment proceeding, prudence review or general rate case to modify, continue or discontinue the same RESRAM, the party which previously submitted the data requests shall submit an additional data request to the responding party to whom the data requests were previously submitted which clearly identifies the particular data requests to be supplemented or updated and the particular period to be covered by the updated response. A responding party to a request to supplement or update, shall supplement or update a data request response from a related rate proceeding where a RESRAM was established, reviewed for prudence modified, continued or discontinued, if the responding party has learned or subsequently learns that the data request response is in some material respect incomplete or incorrect.

(12) Separate cases for each rate proceeding solely involving a RESRAM. Each rate proceeding where commission establishment, continuation, modification, or discontinuation of a RESRAM is the sole issue shall comprise a separate case. The same procedures for handling confidential information shall apply, pursuant to 4 CSR 240-2.135, as in the immediately preceding RESRAM case for the particular electric utility, unless otherwise directed by the commission on its own motion or as requested by a party and directed by the commission.

(13) 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.

(14) Waivers. Provisions of this rule may be waived by the commission for good cause shown.

AUTHORITY: section 393.1030 RSMo; sections 386.040 and 386.610, RSMo 1939; section 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996; and section 393.140, RSMo 1939, amended 1949, 1967.