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## LEAGUE OF WOMEN VOTERS OF MISSOURI

August 28, 1992

Brent Stewart  
Executive Secretary  
Missouri Public Service Commission  
301 W. High St.- PO Box 360  
Jefferson City, MO 65101

Re: Electric Utility Resource Planning Rulemaking:  
Missouri PSC Docket No. EX-92-299

Dear Mr. Stewart:

Enclosed for filing is the original and fourteen copies of the reply of the League of Women Voters of Missouri to certain Initial Comments submitted in the above rulemaking proceeding.

Would you please acknowledge receipt of this filing by stamping a copy of this letter and returning it to the undersigned. Thank you.

We appreciate your bringing this filing to the attention of the Commissioners, as well as the fact that we plan to attend the public hearing on September 10 to answer any questions regarding our statement.

Very truly yours,

*Elaine Blodgett*  
Elaine Blodgett, President

*Winifred Colwill*  
Winifred Colwill, Energy Director

Enclosures

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**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the matter of the proposed )  
Commission Rules for Electric )  
Utility Resource Planning: )  
4 CSR 240-22.010 through .080 )  
and proposed amendments to )  
4CSR 240-14.010-050, Utility )  
Promotional Practices )

Case No. ex-92-299

**Reply Comments of the League of Women Voters of Missouri**

The League of Women Voters would like to commend the Staff for their work in developing the proposed rules and for conducting workshops which encouraged questions and comments from all participants, including the League.

We agree with those commenters who expressed support for a comprehensive Integrated Resource Planning process and general support for the proposed rules and Promotional Practices amendments. We also support a number of amendments proposed by various parties in their Initial Comments. The following comments address these recommendations as well as Staff's Initial Comments.

4 CSR 240-22.010 Policy Objectives

The League agrees with Staff's comments (p.1,2) that provision of "energy services" should be the focus of utility long-range planning rather than "supplying energy", because it encourages the efficient use of energy. We fully agree that efficient delivery of energy services requires that demand-side efficiency and energy

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management services be analyzed on an equivalent basis with supply-side alternatives. We also agree that an "adequate base of high quality information" is a prerequisite for sound resource decisions and thorough Commission review. (p.15)

The League agrees with Staff that minimization of long-run utility costs should be the primary criterion in resource selection and that mitigation of risks must also be considered. We have some concern, however, that (2)(C)2 appears to limit analysis of environmental risks to those impacts affected by environmental laws and regulations. We address this issue more fully in comments under Supply-Side Resource Analysis.

We concur with Public Counsel's revision of paragraph (1) concerning Commission approval of resource plans. Our position is explained in our comments on Section .080.

The League also agrees with the deletion of "adequately" in paragraph (2) prior to the phrase "serves the public interest" and the revision in (2) (C) proposed by the Public Counsel to clarify that the Commission, rather than the utility, should determine whether the public interest is being served.

#### 4SCR 240-22.020 Definitions

The League also supports the Public Counsel's inclusion of "fuel substitution" as a demand-side measure (15) in order to ensure that all potential cost-effective energy resources are considered in the utility planning process. The National Association of Regulatory Utility Commissioners' handbook, Least-Cost

Utility Planning, (Vol.II, p.IV-7) refers to a U.S. Dept. of Energy report stating that "optimal resource allocation cannot be fully achieved if the least-cost principle is applied only to the electricity sector... from a societal perspective, fuel switching from electricity to gas or to fuels not supplied by utilities, and the converse switch from other fuels to electricity, should also be included in least-cost planning." As the Public Counsel suggests in the comments on demand-side analysis (p.8), the Commission could waive fuel-switching analysis until an IRP rule is approved for gas utilities.

4 CSR 240-22.040 Supply-Side Resource Analysis

The League agrees with Staff that environmental costs must be accounted for in calculating the cost of supply-side options. However, the rule (2)(B)4. appears to allow the calculation of "probable environmental costs" to be "entirely comprised of a tax or surcharge imposed on emissions" of certain pollutants regulated by law. It does not account for societal and environmental costs resulting from unregulated, uncontrolled or partially-controlled pollutants and other external costs of power production which have not been internalized. Unless societal costs are fully accounted for, energy efficiency and renewable energy options will be undervalued in the planning analysis.

Several states have adopted rules which assign values to resource options based on their environmental impact. In Wisconsin, for example, resources which do not combust get a 15%

non-combustion credit. In N.Y., Nevada and Wisconsin each resource option is assigned a price penalty per kWh based upon its pollutants which is added to the direct economic cost of that resource. We encourage the Commission to consider mechanisms which would quantify the environmental externalities of all resource options.

#### 4 CSR 240-22.050 Demand-Side Resource Analysis

The League agrees with the comments of the Public Counsel regarding fuel substitution (p.9) and proposed amendments (6)(E) and (xx) (p.10). Examination of a wide range of marketing options is likely to improve the penetration of demand-side programs and reduce the number of "lost opportunities". In an analysis of highly successful demand-side programs, the American Council for an Energy Efficient Economy (ACEEE) found that these feature extensive marketing, incentives which pay more than half the cost of measure installation, and comprehensive technical assistance for customers to help identify and install suitable efficiency measures. (Stabilizing Electricity Production and Use: Barriers and Strategies, ACEEE, 1992)

#### 4 CSR 240-22.080 Filing Schedule and Requirements

The League strongly endorses the amendments proposed by the Public Counsel in this rule. An Executive Summary (G) in non-technical language, as described, will facilitate public understanding and discussion of proposed utility plans. The League believes that officials should make a special effort to ensure

that the public has adequate and readily understandable information to participate effectively in developing public policy. We suggest the introduction (G)(1) be amended to include information concerning reserve capacity and requirements.

We also support the Public Counsel's amendment (xx) p. A-6, which would provide interested parties an opportunity to meet with utilities to preview and discuss resource plans prior to filing with the Commission. We recommend amending this section to require public notification<sup>2</sup> least two weeks ahead of such meetings.

We also believe that involvement of citizen advocacy groups even earlier in the planning process could benefit all parties. The formation of an advisory group representing the various interests, as suggested by the Missouri Public Interest Research Group, has a great deal of merit. A report by the Energy Conservation Coalition, State Actions in Least-Cost Electrical Planning, notes that "regulators are increasingly attempting to maximize consensus among utilities and consumers on key issues..." and move away from "the litigative environment" which dominated previously. A funding mechanism for public interest groups could help them participate fully in the planning process.

The Public Counsel proposes, on pgs. 15-17, an expanded, comprehensive resource plan review by Staff and interested parties followed by a Commission order of plan approval or disapproval. At least 15 states, according to a recent EEI\* survey, do have plans formally approved. Some of these states have aggressively pursued demand-side energy efficiency programs, but this may be

due to other regulatory reforms such as decoupling sales from profits, DSM cost recovery and financial incentives for reducing electric demand.

The League agrees with Union Electric that the present regulatory system in Missouri discourages utilities from pursuing programs which reduce energy sales. We believe that regulatory reform is needed to make utility investments in energy efficiency at least as profitable as investments in new generating capacity. The ACEEE report mentioned earlier contends that rewarding a utility's successful implementation of a least-cost plan is consistent with the shift of focus from kilowatts hours to energy services.(p.33) Incentives should be tied to performance criteria determined by the Commission with advice from interested parties.

Comprehensive plan review and approval prior to implementation is likely to encourage utility investments in energy efficiency; however, we agree with Staff that adequate time and resources must be provided. Public participation in the process should be facilitated, as well.

The League of Women Voters of Missouri appreciates this opportunity to express our views. We look forward to Commission members' comments.

*Elaine Blodgett*

Elaine Blodgett, President

*Winifred Colwill*

Winifred Colwill, Director  
Energy Issues