

DEMAND-SIDE PROGRAM INVESTMENT MECHANISM RIDER ELECTRIC
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APPLICABILITY

This Demand-Side Program Investment Mechanism (DSIM) Rider shall be applicable to all Missouri Retail Rate Schedules for the Company with the exception of Lighting Schedules.

PURPOSE

This DSIM Rider is designed to recover the DSIM revenue requirement which is the sum of the DSIM cost recovery revenue requirement, DSIM lost revenue requirement, and DSIM utility incentive revenue requirement. The DSM Portfolio will consist of Commission approved energy efficiency, demand response and education programs. The Company may add, modify or discontinue programs to the DSM Portfolio subject to Commission approval.

BASIS

The DSIM revenue requirement will be recovered through a DSIM charge on customer's bills for the portion of the DSIM revenue requirement assigned by the Commission to a rate class. A DSIM rate for each rate class will be multiplied by the customer's usage on a kilowatt-hour basis and the resulting DSIM chargers will be identified and shown on a separate line on the customer's bill.

TERM

This DSIM Rider shall remain in effect until such time as all Commission-approved DSIM revenue requirements are recovered. Once established, the Company will recalculate the DSIM rates each year to reflect changes in DSIM cost recovery revenue requirement and as appropriate, DSIM lost revenue requirement and DSIM utility incentive revenue requirement. The DSIM rates shall remain in effect for a term of not more than four years unless earlier the Commission authorized the modification or discontinuance of the DSIM Rider. The DSIM rate may be subject to interim semi-annual adjustments between general rate proceedings.

FILING DATES AND RECOVERY PERIODS

Following the effective date of this tariff, the Company will file an annual update on September 1 to recognize changes in prudently incurred DSM program costs and to true-up cost-related projections. The DSIM rates, when approved, would be effective on January 1 and will recover DSIM Revenue Requirement over the subsequent twelve month period. Evaluation, Measurement & Verification (EM&V) studies will be performed on a two year cycle by an independent contractor. At the end of the third year, following the evaluation of EM&V study results, the Company's annual update filing will be expanded to recognize any lost revenues, achieved incentives, and to true-up shared benefit-related projections. Similar update filings will occur every two years thereafter. Additionally, at the end of the third year, the Company contemplates filing a general rate proceeding. As part of the general rate proceeding, the Company will rebase all utility incentive measures to reflect the performance of the DSM programs as documented through EM&V. Thereafter, general rate proceedings will occur at least every four years. Rate proceedings will be utilized to revise DSM program goals, rebase sales levels, and re-establish the shared benefit and costs.

DEMAND-SIDE PROGRAM INVESTMENT MECHANISM RIDER (continued)
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DSIM RATE CALCULATION

The DSIM Rate (DSIM Rate) for each rate class will be calculated as follows:

$$\text{DSM Rate} = \frac{(((\text{DCRR} + \text{TRUE}_{\text{cost}}) + \text{DLRR} + (\text{DIRR} + \text{TRUE}_{\text{shared}})) + \text{TRUE}_{\text{recovery}})}{\text{kWh}}$$

Where:

DCRR = DSIM COST RECOVERY REVENUE REQUIREMENT

This revenue requirement will include all prudently incurred program costs including the incremental cost of planning, developing, implementing, monitoring, and evaluating DSM programs. In addition, all costs incurred by or on behalf of the collaborative process, including but not limited to costs for incremental consultants, employees and administrative expenses, will be included in the DCRR. General administrative costs will be included on the basis of the estimated budget from each program. Indirect costs associated with DSM programs, including but not limited to costs of market potential study and/or the Company's portion of statewide technical resource manual, will be included in the DCRR. Costs utilized in the first three years of the implementation of the DSIM will be normalized based on a three year projection of costs. Subsequent costs will be normalized based on a four year projection of costs. All cost projections will be trued-up to actual costs on an annual basis once actual expenditures are known.

DLRR = DSIM LOST REVENUE REQUIREMENT

This revenue requirement will include all explicit, Commission approved lost revenues that are, by definition in the current rule, the result of changes in revenues that occur when Commission approved DSM programs cause a drop in net system retail kWh below the level of system retail kWh used to set the electricity rates in the electric utility's last general rate proceeding. The DLRR will be based on lost revenues due to energy or demand savings from the Company's DSM Portfolio as approved by the Commission and measured and verified through an EM&V. Lost revenues will only be included when those fixed costs are not recovered in the Company's last general rate proceeding. Lost revenues will be included on a retrospective basis and all energy and demand savings will be measured and verified through EM&V prior to recovery.

DEMAND-SIDE PROGRAM INVESTMENT MECHANISM RIDER (continued)
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DSIM RATE CALCULATION (continued)**DIRR = DSIM UTILITY INCENTIVE REVENUE REQUIREMENT**

This revenue requirement includes a performance incentive and shared benefits incentive. Although the timing of evaluation will vary, all included incentives will be based on the performance of DSM programs approved by the Commission. Projected savings targets will be based on gross savings established for each program as standardized performance values. These standardized performance values are defined based on EM&V or Potential Study analysis. The relationship between the Company's portion of shared benefits achieved and documented through EM&V reports, annual energy savings achieved and documented through EM&V reports as a percentage of annual energy savings targets, and annual demand savings achieved and documented through EM&V reports as a percentage of annual demand savings targets will be the basis of determining the incentive goals.

Shared Benefits - The initial shared benefit incentive applied to the DSIM will be set at 12% of the fifteen year net present value of projected shared benefits expected for the DSM programs applied equally for three years and will be trued-up to shared benefits as part of the annual update filing. Subsequent shared benefit incentives will be set at 12% of the fifteen year net present value of projected shared benefits expected for the DSM programs applied equally for four years and will be trued-up to shared benefits as part of the annual update filing.

Each year the Company will calculate the shared benefits based on the utilization of the programs multiplied by the respective standardized performance value for those programs. The Company will update all shared benefit projections, including the underlying utilization and standardized performance values, based on the EM&V analysis for future planning.

Performance Incentive - Following the completion of EM&V analysis, the Company shall be provided an opportunity to earn an annual performance bonus of up to \$4 million (pre-tax), provided that it achieved demonstrated efficiency. The threshold is a factor calculated by comparing the gross kWh and kW savings confirmed by the EM&V to the Commission approved annual energy savings targets (kWh) and annual demand savings targets (kW) for the DSM Portfolio, weighted at 50% kWh and 50% kW. The performance incentive received will be added to the calculation of the DSIM rate and recovered in the next annual period.

$$\frac{\text{kW Savings}}{\text{Projected kW Savings}} \times 50\% + \frac{\text{kWh Savings}}{\text{Projected kWh Savings}} \times 50\% = \text{Incentive Threshold}$$

	Low Threshold	High Threshold	Annual Performance Bonus
Tier 1	>150%		\$4M
Tier 2	≥100%	150%	\$3M
Tier 3	≥50%	100%	\$2M
Tier 4		≤50%	\$0

DEMAND-SIDE PROGRAM INVESTMENT MECHANISM RIDER (continued)
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The annual true-up amount for a DSIM Rider year, to be determined prior to filing the next DSIM Rider and to be applied to the subsequent DSIM Rate calculation. The true-up amount will reflect any difference between the total DSIM revenue collected and the approved recovery for the previous applicable time period. Such true-up amount may be positive or negative. The true-up amount used to calculate the initial DSIM Rate equals zero.

TRUE_{cost}

The annual true-up amount for prudently incurred DSM Program costs, to be determined prior to filing the next DSIM Rider and to be applied to the subsequent DSIM Rate calculation. The true-up amount will reflect any difference between the projected DSM costs and the actual costs for the previous applicable time period. Such true-up amount may be positive or negative. The true-up amount used to calculate the initial DSIM Rate equals zero.

TRUE_{shared}

The annual true-up amount for shared benefits, to be determined prior to filing the next DSIM Rider and to be applied to the subsequent DSIM Rate calculation. The true-up amount will reflect any difference between the projected shared benefit and the benefits earned for the previous applicable time period based on the standardized performance values. Such true-up amount may be positive or negative. The true-up amount used to calculate the initial DSIM Rate equals zero.

kWh

Projected annual kWhs to be delivered to all retail customers during the effective DSIM year. Retail electric sales will not include sales for Lighting customers or sales associated with customers utilizing the opt-out provisions of this tariff. Retail sales utilized in the first three years of the implementation of the DSIM will be normalized based on a three year projection of retail sales. Subsequent retail sales projections will be normalized based on a four year projection of retail sales. All retail sales will be trued-up on an annual basis once actual retail sales are known.

DEMAND-SIDE PROGRAM INVESTMENT MECHANISM RIDER (continued)
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DSIM RATE ADJUSTMENT

The Company may make semiannual adjustments to DSIM rates between general rate proceedings. This adjustment shall only include adjustments to the DSIM cost recovery revenue requirement. Adjustments to the DSIM cost recovery revenue requirement may reflect new and approved demand-side programs, approved program modifications, and/or approved program discontinuations. If the original projections and the then-current projections associated with this mechanism become significantly out of balance, the DSIM rate may be adjusted to address the anticipated difference. The semi-annual adjustments to the DSIM rates shall reflect a comprehensive measurement of both increases and decreases to the DSIM cost recovery revenue requirement established in the most recent DSM program approval or semi-annual DSIM rate adjustment case plus the change in DSIM cost recovery revenue requirement which occurred since the most recent demand-side program approval or semi-annual DSIM rate adjustment case.

DSIM RATES

The DSIM rates (\$/kWh) for the period April 20, 2012 through December 31, 2012.

<u>Customer Class</u>	<u>Rate</u>
Residential	\$0.00220
Small General Service	\$0.00220
Large General Service	\$0.00220
Large Power	\$0.00220

PRUDENCE REVIEWS

There shall be prudence reviews conducted no less frequently than at twenty-four (24)-month intervals. Adjustments, if any, necessary by Commission order pursuant to any prudence review shall also be placed in the DSIM rate for collection unless a separate refund is ordered by the Commission.

OPT-OUT PROVISION FOR QUALIFYING CUSTOMERS

The DSIM charge will not be applied to the bill of Customers requesting, qualified, and approved to opt-out of the programs under 4 CSR 240-20.094(6). Customers exercising this opt-out provision are agreeing to forgo all participation and benefit from the DSM programs approved as part of the DSM Portfolio. A customer who participates in DSM programs initiated after August 1, 2009, shall be required to participate in program funding for a period of three (3) years following the last date when the customer received a demand-side incentive or a service.

NOTES TO THE TARIFF

1. The monthly DSM rate will be expressed in dollars per kilowatt-hour rounded to five decimal places.
2. The references to Accounts within the DSM tariff are as defined in the FERC uniform system of accounts.