

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

In The Matter Of A Working Case to)
Consider Mechanisms to Encourage)
Infrastructure Efficiency)

File No. EW-2016-0041

**NOTICE OF WORKSHOP AND
STAFF MOTION FOR COMMISSION REQUEST FOR COMMENT**

COMES NOW Staff of the Missouri Public Service Commission, by and through the undersigned counsel, and files this Notice of Workshop and Request for Comment with the Missouri Public Service Commission to state as follows:

1. On August 26, 2015, the Commission issued its *Order Directing Staff To Investigate And Opening A Repository File* directing Staff to investigate whether rate design mechanisms should be established to promote stability or growth of customer levels in geographic locations where there is underutilization of existing infrastructure.
2. To provide the information and analysis sought by the Commission, Staff believes it is necessary for the Commission to issue an order scheduling a workshop, and further order participating investor owned electric utilities to provide, prior to the commencement of the workshop, certain foundational information concerning current utility practices.
3. Appended hereto as Attachment A are questions concerning each utility's implementation of certain processes described in each utility's currently-applicable electric utility tariffs. In the interest of providing necessary background information to facilitate discussion at the workshop, Staff requests that utilities provide a response to

Attachment A. To ensure full incorporation of these materials in the workshop, Staff requests that the Commission order participating investor owned electric utilities to submit its response to Attachment A by no later than November 6, 2015.

4. Staff requests that the Commission schedule and issue notice to the interested stakeholders to convene a workshop on November 13, 2015, from 9:30 a.m. to 3:00 p.m. in Room 315 of the Governor Office Building at 200 Madison Street, Jefferson City, Missouri 65102.

WHEREFORE, Staff requests this Notice of Workshop and Request for Comment be issued by Commission.

Respectfully submitted,

/s/ William Hampton Williams II

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, electronically mailed, sent by facsimile or hand-delivered to all counsel of record this 21st day of September, 2015.

/s/ William Hampton Williams II

Rate Mechanism and Infrastructure Efficiency Background Information

The purpose of the information requested below is to provide background information to facilitate more targeted discussion during the Rate Mechanism and Infrastructure Efficiency Workshop scheduled November 13, 2015, from 9:30 a.m. to 3:00 p.m. to be held in Room 315 of the Governor Office Building at 200 Madison Street, Jefferson City, Missouri 65102. Responses should be filed in EFIS under Case No. EW-2016-0041 by November 6, 2015.

Utility tariffs prescribe the process and applicable upfront charges when a new customer requests service, whether at a location already receiving service for which no upgrades to the service drop or distribution system are required, or at a new location for which a new or upgraded service drop is required or at a location that may require upgrade or extension of the distribution system.

Generally, utility tariffs prescribe that the utility perform a calculation to determine if anticipated revenues or net revenues over some period of time ranging from 1 year to 3 years (or subject to service agreement), will cover the direct and indirect costs of the system expansion. In the event a new customer would cause a need for additional or upgraded distribution facilities or a service drop, if the applicable expected revenues that customer will provide exceed the distribution and service drop costs that customer will cause, the customer's upfront costs appear to not differ from those that would be experienced from a customer requesting service not requiring distribution or service drop expansion or upgrade. Upfront costs may be refunded to the extent that revenues exceed installation, or that additional customers take service using those facilities, for some period of time after service is taken, generally 5 years.

Specific to your Utility's process in considering all tangential issues in making the determination to expand its infrastructure to provide service to a customer requesting service at a new or existing location, please provide the responses to the following questions:

1. Please describe what costs and what revenues are included or excluded from that calculation. For utilities relying on a net revenue calculation, please describe the following:
 - a. How is annual net revenue or other applicable measure of revenue estimated or calculated?
 - b. What customer or customer-related capital cost and expense values are used? Is the valuation used based on incremental or average cost?

- c. What distribution capital cost and expense values are used? Is the valuation used based on incremental or average cost?
 - d. What energy capital cost and expense values are used? Is the valuation used based on incremental or average cost?
 - i. Is the cost of energy used for calculation the cost of energy net of revenues from off-system sales? Is the valuation used based on incremental or average cost?
 - e. What utility-owned and operated (if applicable) transmission system capital cost and expense values are used? Is the valuation used based on incremental or average cost?
 - f. What RTO transmission system capital cost or expense values are used? Is the valuation used based on incremental or average cost?
 - g. What demand capital cost and expense values are used? Is the valuation used based on incremental or average cost?
 - h. If any other capital costs or expenses are considered, please describe fully.
- 2. For all utilities, what revenues are included in this calculation? Are revenues from Fuel Adjustment Charges, MEEIA charges, RESRAM charges, as applicable, considered?
- 3. For all utilities, please describe how these calculations vary by class, or by Residential and Non-Residential rate groups.
- 4. For all utilities, please compare the costs and revenues described above to the costs and revenues considered under any economic development or economic redevelopment riders. Are the same costs and revenues considered whether a customer seeks service under a discounted rate rider as considered when determining the upfront costs applicable for a service extension or upgrade?
- 5. For all utilities, please explain when and under what circumstances dollars are placed into Customer Advances for Construction or similar accounts.
- 6. For all utilities, please explain when and under what circumstances dollars are removed from Customer Advances for Construction or similar accounts. When a customer or developer is refunded prepayments or deposits made as CIAC, how and when are those refunds accounted for?

7. For all utilities, please explain the interaction of offsets to ratebase contained in Customer Advances for Construction or similar accounts and depreciation reserve accounts.