

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

In the Matter of Proposed Rules 4 CSR 240-3.162	)	
and 4 CSR 240-20.091, Environmental Cost Recovery	)	Case No. EX-2008-0105
Mechanisms	)	

**REPLY COMMENTS OF THE MISSOURI ENERGY GROUP**

COMES NOW the Missouri Energy Group (“MEG”) and submits the following reply comments on the proposed Environmental Cost Recovery Mechanism (“ECRM”) rule dated December 3, 2007 and published in the above-captioned docket.

MEG member companies are among the largest employers in the state of Missouri and are among the larger users of electric service in the State. The MEG participated in the discussions that led to the ECRM rulemaking draft now before this Commission.

The MEG is filing these comments by leave of Judge Dale granted at the rulemaking hearing on January 17, 2008.

The MEG generally supports the spirit of the comments of the various consumer groups (Office of Public Counsel, MIEC, Noranda, and AARP) with emphasis on the following points:

- The 2-1/2 percent cap is a maximum amount per year cap. If a utility does not have ECRM expenses sufficient to meet the 2-1/2 percent cap, the cap remainder does not roll over to any subsequent year. Any deferrals beyond the 2-1/2 percent per year for the 4 years should be submitted in the electric company’s next rate case for review and analysis by the parties and the Commission.
- The MEG is also concerned about a utility’s over earning and trusts that this Commission will analyze the ECRM on a company-by-company basis and deny an ECRM to a utility that doesn’t require it to earn a fair return on equity as

required under Section 386.266. While several of the utilities have commented that an over earnings complaint is the answer to a utility's over earning under the ECRM, as noted by the Office of Public Counsel in its Comments filed on January 2, 2008, this is not a realistic option. Statutes strictly limit the parties who are allowed to file an over earnings complaint and do not limit the amount of time in which a complaint case must be decided by the Commission. OPC and Staff resources are already stretched too thin to lead an over earnings complaint for one utility, let alone all the electric utilities in the State. The MEG supports the proposed language addition of the MIEC in its initial comments filed January 2, 2008 to address the concern of a utility's ability to over earning .

Respectfully submitted,

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#### CERTIFICATE OF SERVICE

Pursuant to 4 CSR 240-2.080 of the Commission's Rules of Practice and Procedure, I hereby certify that I have this day caused a copy of the foregoing to be served on the offices of the Missouri Public Service Commission Staff and the Missouri Office of Public Counsel.

Dated at St. Louis, Missouri this 18th day of January, 2008

