

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In The Matter Of A Repository File)
Concerning Staff's Review Of The) File No. EW-2011-0139
Commission's Fuel Adjustment Clause)
Rules)

DOGWOOD ENERGY, LLC'S COMMENTS ON PROPOSED RULE
AMENDMENTS

COMES NOW Dogwood Energy, LLC ("Dogwood") and submits its December 2014
comments regarding Staff's Proposed Rule Amendments.

Respectfully submitted,

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s/ Carl J. Lumley

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CERTIFICATE OF SERVICE

A true and correct copy of the foregoing was emailed, faxed or mailed by U.S. Mail, postage paid, this 29 day of April, 2015, to the persons shown on the attached list.

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Rules of
Department of Economic Development
Division 240 – Public Service Commission
Chapter 3 – Filing and Reporting Requirements

PROPOSED AMENDMENT

4 CSR 240-3.161 Electric Utility Fuel and Purchased Power ~~Cost-Recovery~~Rate Adjustment Mechanisms Filing and Submission Requirements

PURPOSE: This ~~rule sets forth~~ proposed amendment modifies the information that an electric utility must provide when it seeks to establish, continue, modify, or discontinue and/or true-up its rate adjustment mechanism (i.e., fuel ~~and purchased power~~ adjustment clause or interim energy charge). It also sets forth the requirements for the submission of Surveillance Monitoring Reports as required for electric utilities that have a rate adjustment mechanism.

(1) ~~As used in this rule, Definitions.~~

(A) Chapter 22 filings mean an electric utility's most recent 4 CSR 240-22 Electric Utility Resource Planning triennial compliance filing and most recent annual update report to that triennial compliance filing, if any, to which staff and other parties to the utility's resource planning case have filed their reports or comments;

(B) MCF is one thousand (1,000) cubic feet of natural gas;

(C) MMBtu is equal to one million (1,000,000) Btus;

(2) The following terms ~~mean~~ used in this subsection are defined in subsection (1) of 4 CSR 240-20.090 Fuel and Purchased Power Rate Adjustment Mechanisms:

(A) ~~Fuel and purchased power costs means prudently incurred and used fuel and purchased power costs, including transportation costs. Prudently incurred costs do not include any increased costs resulting from negligent or wrongful acts or omissions by the utility. If not inconsistent with a commission approved incentive plan, fuel and purchased power costs also include prudently incurred actual costs of net cash payments or receipts associated with hedging instruments tied to specific volumes of fuel and associated transportation costs.~~

1. ~~If off-system sales revenues are not reflected in the rate adjustment mechanism (RAM), fuel and purchased power cost only reflect the prudently incurred fuel and purchased power costs necessary to serve the electric utility's Missouri retail customers.~~

2. ~~If off-system sales revenues are reflected in the RAM, fuel and purchased power costs reflect both:~~

A. ~~The prudently incurred fuel and purchased power costs necessary to serve the electric utility's Missouri retail customers; and~~

B. ~~The prudently incurred fuel and purchased power costs associated with the electric utility's off-system sales;~~

(B) ~~Fuel adjustment clause (FAC) means a mechanism established in a general rate proceeding that allows periodic rate adjustments, outside a general rate proceeding, to reflect increases and decreases in an electric utility's prudently incurred fuel and purchased power costs. The FAC may or may not include off-system sales revenues and associated costs. The commission shall determine whether or not to reflect off-system sales revenues and associated costs in a FAC in the general rate proceeding that establishes, continues or modifies the FAC;~~

Comment [CL1]: Should it be all related updates?

~~(C) 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;~~

~~(D) Interim energy charge (IEC) means a refundable fixed charge, established in a general rate proceeding, that permits an electric utility to recover some or all of its fuel and purchased power costs separate from its base rates. An IEC may or may not include off-system sales and revenues and associated costs. The commission shall determine whether or not to reflect off-system sales revenues and associated costs in an IEC in the general rate proceeding that establishes, continues or modifies the IEC;~~

~~(E) Rate adjustment mechanism (RAM) means either a fuel adjustment clause (FAC) or an interim energy charge (IEC);~~

~~(F) Staff means the staff of the Public Service Commission; and~~

~~(G) True-up year means the twelve (12) month period beginning on the first day of the first calendar month following the effective date of the commission order approving a RAM unless the effective date is on the first day of the calendar month. If the effective date of the commission order approving a rate mechanism is on the first day of a calendar month, then the true-up year begins on the effective date of the commission order. The first annual true-up period shall end on the last day of the twelfth calendar month following the effective date of the commission order establishing the RAM. Subsequent true-up years shall be the succeeding twelve (12) month periods. If a general rate proceeding is concluded prior to the conclusion of a true-up year the true-up year may be less than twelve (12) months.~~

- ~~1. (2)Accumulation period;~~
- ~~2. Fuel adjustment clause (FAC);~~
- ~~3. Fuel adjustment rate (FAR)~~
- ~~4. Fuel and purchased power adjustment (FPA)~~
- ~~5. Fuel and purchased power costs;~~
- ~~6. Fuel-related revenue;~~
- ~~7. General rate proceeding;~~
- ~~8. Interim energy charge (IEC);~~
- ~~9. Net base energy costs;~~
- ~~10. Permanent rates;~~
- ~~11. Recovery period; and~~
- ~~12. Staff.~~

~~(3) Applications Requesting Establishment of a Rate Adjustment Mechanism (RAM).~~ When an electric utility files to establish a RAM as described in 4 CSR 240-20.090(2), the electric utility shall file the following supporting information, in electronic format where available (with formulas intact), 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 240-20.090(2)(D);~~

~~(B) An example customer bill showing how the proposed RAM shall be separately identified on affected customers' bills in accordance with 4 CSR 240-20.090(89);~~

~~(C) Proposed RAM tariff sheets and rate schedules;~~

~~(D) A general~~detailed~~ description of the design and intended operation of the proposed RAM;~~

~~(E) A completed~~detailed~~ explanation of how the proposed RAM is reasonably designed to provide the electric utility a sufficient opportunity to earn a fair return on equity;~~

(F) A ~~completed~~detailed explanation of how the proposed FAC shall be trued-up ~~to reflect~~for over-~~or~~and under-collections, or how and when the refundable portion of the proposed IEC shall be trued-up, ~~on at least an annual basis~~;

(G) A ~~completed~~detailed description of how the electric utility's monthly short-term interest rate will be defined and how it will be applied, during the accumulation period and the recovery period, to true-up amounts and prudence disallowances;

(H) A detailed description of how the proposed RAM is compatible with the requirement for prudence reviews; in 4 CSR 240-20.090(8);

(~~H~~) A ~~completed~~detailed explanation of ~~all the cost~~each cost that ~~shall~~is to be ~~considered for recovery~~recovered under the proposed RAM ~~and with identification of~~ the specific account used for each cost item on the electric utility's books and records;

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

(J) A ~~completed~~detailed explanation of ~~any each~~ fuel-related revenue that is to be considered in determining the amount to be recovered under the proposed RAM with identification of the specific account and sub-account where that revenue will be recorded on the electric utility's books and records;

(K) A detailed explanation of each incentive ~~features designed~~feature in the proposed RAM ~~and with~~ the expected benefit and cost each feature is intended to produce for both the electric utility's shareholders utility and its Missouri retail customers;

(~~KL~~) A ~~completed~~detailed explanation of ~~any each~~ rate volatility mitigation ~~features designed~~feature in the proposed RAM;

(~~L~~M) A ~~completed~~detailed explanation of ~~any each~~ feature ~~designed into~~of the proposed RAM ~~or any and each~~ existing electric utility policy, procedure, or practice that ~~can be relied upon to ensure that ensures~~ only prudent fuel and purchased power costs and fuel-related revenue shall be ~~eligible for recovery under~~recovered through the proposed RAM;

(~~M~~) A ~~complete~~ explanation of the specific customer class rate design ~~used to design~~ (N) If the proposed RAM ~~base amount in permanent rates and any includes incorporating fuel and purchased power costs and fuel-related revenue in the electric utility's permanent rates, a detailed explanation of the methodology used to allocate fuel and purchased power costs and fuel-related revenue to specific customer classes in the permanent rates and in any subsequent rate adjustments during the term of the proposed RAM~~;

(~~NO~~) A ~~completed~~detailed explanation of ~~any change in the rate design of the RAM for each customer class, including at a minimum the electric utility's justification for the methodology chosen for determining the rate design and how that methodology is consistent with the methodology used to allocate fuel costs, purchased power costs and fuel-related revenue in permanent rates~~;

(P) A detailed explanation of the change to the electric utility's business risk ~~to the electric utility resulting from implementation of the proposed RAM in setting the electric utility's allowed return in any rate proceeding,~~ in addition to any other changes in business risk ~~experienced by the electric utility may experience~~;

(~~Q~~Q) A detailed explanation of each risk to the electric utility's Missouri retail customers resulting from implementation of the proposed RAM, including the electric utility's estimated quantification of that risk and how the electric utility will reduce that risk;

Comment [CL2]: Suggest adding "including but not limited to competitive bidding practices"

Comment [CL3]: "manage" rather than "reduce"?

(R) The supply-side and demand-side resources—, based on the resources it includes in its general rate proceeding, that the electric utility expects to use to meet its loads in the next four (4) true-up years following commission establishment of a RAM, the expected dispatch of those resources, the reasons why these/those resources are appropriate for dispatch and the heat rates and fuel types for each supply-side resource; in. In submitting this information, it is recognized that supply- and demand-side resources and dispatch may change during the next four (4) true-up years following commission establishment of a RAM based upon changing circumstances, and that parties will have the opportunity to comment on this information after it is filed by the electric utility;

(P) A proposed schedule and testing plan with written procedures for heat rate tests and/or efficiency tests for all of the electric utility's nuclear and non-nuclear generators, steam, gas, and oil turbines and heat recovery steam generators (HRSG) to determine the base level of efficiency for each of the units;

(Q) Information that shows that the electric utility has in place a long-term resource planning process, important objectives of which are to minimize overall delivered energy costs and provide reliable service;

(R) If emissions allowance(S) A base level of efficiency for each of the electric utility's generating units determined by the results of heat rate tests and/or efficiency tests that were conducted on each of the electric utility's steam generators, including nuclear steam generators, heat recovery steam generators, steam turbines and combustion turbines within the twenty-four (24) months preceding the electric utility's proposed RAM. The electric utility may, in lieu of filing the foregoing results with the commission, provide them to the staff and to other parties granted intervention in the general rate proceeding as part of the workpapers it provides in connection with its direct case filing. If the electric utility submits the heat rate tests and/or efficiency tests, it will provide a statement in its testimony as to where the results can be found in workpapers;

Comment [CL4]: "Submittal of the"

Comment [CL5]: "In workpapers"

(T) The status and commission file number of the electric utility's Chapter 22 filings.

1. If the commission found the electric utility's Chapter 22 filings to be less than fully compliant, the electric utility shall provide:

A. A detailed explanation of why its proposed RAM should be established despite the electric utility's non-compliance with the commission's Chapter 22 resource planning requirements; and

B. A detailed description of each resource planning deficiency and concern that was not resolved and how that deficiency or concern will or will not impact fuel costs, purchased power costs or fuel-related revenue in the time period until the electric utility must file its next general rate proceeding and over the twenty (20) year planning horizon required by Chapter 22; and

2. If a commission decision on the electric utility's Chapter 22 filing is pending the electric utility shall provide:

A. A detailed explanation of why its proposed RAM should be established, if the parties in that case have alleged deficiencies or concerns with the electric utility's resource planning; and

B. A detailed description of how each alleged resource planning deficiency or concern, if any, will or will not impact fuel costs, purchased power costs and fuel-related revenue in the time period until the electric utility must file its next general rate proceeding and over the twenty (20) year planning horizon required by Chapter 22;

(U) If the electric utility proposes to include emissions allowances costs or sales margins are included revenue in the RAM request proposed FAC and not in the electric utility's an

environmental cost recovery ~~surechargemechanism~~, a ~~completedetailed~~ explanation of ~~its emissions management policy, and its~~ forecasted environmental investments ~~and, emissions allowances purchases and emissions allowances sales; and~~

(S) ~~(V)~~ For each power generating unit the electric utility owns (in whole or in part) or controls, the electric utility shall file graphs, accompanied by the data supporting the graphs, for each month over the immediately preceding five (5) years, showing the monthly equivalent availability factor, the monthly equivalent forced outage rate, and the length and timing of each planned outage of that unit; and

(W) Authorization for the ~~commission~~ staff to release ~~to all parties to the general rate proceeding in which the establishment of a RAM is requested,~~ the previous five (5) years of historical surveillance ~~monitoring~~ reports ~~the electric utility~~ submitted to the ~~commission staff by the electric utility to all parties to the case.~~ staff in compliance with 4 CSR 240-20.090(11).

(3)(4) Applications to Continue or Modify a RAM. When an electric utility files a general rate proceeding following the general rate proceeding that established its RAM as described by 4 CSR 240-20.090(2) in which it requests that its RAM be continued or modified, the electric utility shall file with the commission, and serve on the parties, as provided in sections (9) through (11) in this rule the following supporting ~~all~~ information ~~as part required in subsection (3) of, this rule and any additional information that, in the previous general rate proceeding, the commission ordered the electric utility to provide when seeking to continue or in addition to, modify its direct testimony: RAM.~~

(A) An example of the notice to be provided to customers as required by 4 CSR 240-20.090(2)(D);

(B) If the electric utility proposes to change the identification of the (W) I

(Y) and

(5) Application to Discontinue a RAM on the customer's bill, an example customer bill showing how the proposed RAM shall be separately identified on affected customers' bills, including the proposed language, in accordance with 4 CSR 240-20.090(8);

(C) Proposed RAM rate schedules;

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

(E) A complete explanation of how the proposed RAM is reasonably designed to provide the electric utility a sufficient opportunity to earn a fair return on equity;

(F) A complete explanation of how the proposed FAC shall be ~~trued up to reflect over or under collections, or the refundable portion of the proposed IEC shall be trued up, on at least an annual basis;~~

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

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

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

(J) A complete explanation of any incentive features designed in the proposed RAM and the expected benefit and cost each feature is intended to produce for the electric utility's shareholders and customers;

(K) A complete explanation of any rate volatility mitigation features in the proposed RAM;

Comment [CL6]: Stray text

(L) ~~A complete explanation of any feature designed into the proposed RAM 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 RAM;~~

(M) ~~A complete explanation of the specific customer class rate design used to design the proposed RAM base amount in permanent rates and any subsequent rate adjustments during the term of the proposed RAM;~~

(N) ~~A complete explanation of any change in business risk to the electric utility resulting from implementation of the proposed RAM in setting the electric utility's allowed return in any rate proceeding, in addition to any other changes in business risk experienced by the electric utility;~~

(O) ~~A description of how responses to subsections (B) through (N) differ from responses to subsections (B) through (N) for the currently approved RAM;~~

(P) ~~The supply side and demand side resources that the electric utility expects to use to meet its loads in the next four (4) true-up years, the expected dispatch of those resources, the reasons why these resources are appropriate for dispatch and the heat rates and fuel types for each supply side resource; in submitting this information, it is recognized that supply and demand side resources and dispatch may change during the next four (4) true-up years based upon changing circumstances and parties will have the opportunity to comment on this information after it is filed by the electric utility;~~

(Q) ~~The results of heat rate tests and/or efficiency tests on all the electric utility's nuclear and non-nuclear steam generators, HRSG, steam turbines and combustion turbines conducted within the previous twenty-four (24) months;~~

(R) ~~Information that shows that the electric utility has in place a long-term resource planning process, important objectives of which are to minimize overall delivered energy costs and provide reliable service;~~

(S) ~~If emissions allowance costs or sales margins are included in the RAM request and not in the electric utility's environmental cost recovery surcharge, a complete explanation of forecasted environmental investments and allowances purchases and sales; and~~

(T) ~~Any additional information that may have been ordered by the commission to be provided in the previous general rate proceeding.~~

(4) ~~When an electric utility files a general rate proceeding following the general rate proceeding that established its RAM as described in 4 CSR 240-20.090(2) in which it requests that its RAM be discontinued, the electric utility shall file with the commission, and serve on the parties as provided in sections (9) through (11) in this rule, the following supporting information, in electronic format where available (with formulas intact), 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 240-20.090(3)(C);~~

(B) ~~A completedetailed explanation of how the over-collection or under-collections of the FAC or the over-collections of the IEC that the electric utility is proposingproposes to discontinue its RAM.~~

1. ~~If requesting to discontinue its FAC, the electric utility shall include the following in its explanation:~~

A. The ending date of the last FAC accumulation period;

B. The beginning and ending dates of the recovery period for that accumulation period; and

C. The procedure for the true-up associated with the recovery period for that accumulation period.

2. If requesting to discontinue its IEC, the electric utility shall include a detailed explanation of how any over-collections will be handled; returned to the electric utility's retail customers;

(C) A ~~completedetailed~~ explanation of why the RAM is no longer necessary to provide the electric utility a sufficient opportunity to earn a fair return on equity;

(D) A ~~completedetailed~~ explanation of ~~any change in business risk to the electric utility resulting from discontinuation of the adjustment mechanism in the impact on~~ setting the electric utility's allowed return ~~on equity in any rate proceeding as a result of the change to the electric utility's business risk resulting from discontinuation of its RAM~~, in addition to any other changes in business risk experienced by the electric utility; and

(E) Any additional information that ~~may have been ordered by the~~, in the previous general rate proceeding, the commission ~~ordered the electric utility to be provided~~provide when seeking to discontinue its RAM.

(5) Each electric utility with a RAM shall submit, with an affidavit attesting to the veracity of the information, the following information on a monthly basis to the auditing manager of the commission, the Office of the Public Counsel (OPC) and others, as provided in sections (9) through (11) in this rule. This submittal to the commission may be made (5) Monthly Reports. So long as it has a RAM in effect, each electric utility shall submit a monthly report through the commission's electronic filing and information system (EFIS). ~~The following information) and to the Office of the Public Counsel (OPC) and to other parties. Each monthly report shall be aggregated by month and supplied~~verified by the affidavit of an electric utility representative(s) who has knowledge of the subject matter and who attests to both the veracity of the ~~information and his/her knowledge of it, the information identified in this section, which shall be provided in electronic format where available (with formulas intact). The information in the monthly report shall be submitted no later than sixty (60) days after the end of the month being reported on when the RAM is in effect month.~~ The first ~~monthly~~ submission shall be made within sixty (60) days after the end of the first complete month after the ~~electric utility's~~ RAM goes into effect. ~~It~~ Each ~~monthly report~~ shall contain, ~~at a minimum the following information:~~

Comment [CL7]: Duplicate text

(A) The ~~billing month~~ revenues billed pursuant to the RAM, by rate class and voltage level;

(B) The ~~billing month~~ revenues billed through the electric utility's ~~base rate allowance~~permanent rates, by rate class and voltage level;

(C) The electric utility's actual ~~calendar month~~ fuel and purchased power costs, ~~allocated by rate class and voltage level using commission approved allocation methods;~~

(D) The electric utility's actual ~~calendar month~~ fuel-related revenue, allocated by rate class and voltage level using commission approved allocation methods;

~~(D)-(H) Each significant factors~~factor that ~~have~~has affected the level of ~~RAM~~the electric utility's fuel-related revenues ~~and in the calendar month, along with workpapers documenting each of these significant factors;~~

(F) Each significant factor that has affected the level of the electric utility's fuel and purchased power ~~expenses~~costs in the calendar month, along with workpapers documenting ~~each of these significant factors;~~

(E) The difference, by rate class and voltage level, between the total fuel and purchased power revenues collected through base rates and the RAM and the fuel and purchased power expenses incurred;

(F) Off-system sales revenue;

(G) Off-system sales expenses;

(H) ~~Off~~Calendar month off-system megawatt-hour sales~~hours sold~~;

~~(H) Megawatt(H)~~ Calendar month megawatt-hours generated, fuel consumption ~~and, fuel~~ expense, and heat ~~rates~~rate, by generating ~~facility~~unit;

~~(J) Megawatt(J)~~ Calendar month megawatt-hours purchased ~~with, stating~~ firm and non-firm purchases separately ~~stated~~;

~~(KJ)~~ Prices of fuel purchased by fuel type during the calendar month, breaking out freight and transportation prices;

(K) The following information, actual and budgeted, for the reported calendar month, as well as for year-to-date and prior calendar year:

1. Actual fuel-related revenue, by account and sub-account number;

2. Actual fuel costs included in the fuel and purchased power costs, by account and sub-account number;

3. Actual fuel handling labor costs;

(L) The following information for the calendar month, by generation unit, by fuel type and by total for the electric utility:

1. Quantity of fuel burned, with designation of the units in which the quantity is reported (e.g. tons, MCF, MMBtu);

2. Million British Thermal Units (MMBtu) of fuel burned;

3. Average cost of fuel per MMBtu, by fuel type;

4. Aggregate megawatt hours (MWhs) of net energy generated by the generating units at each generation station, where net energy generated is the gross generation net of the station use; and

5. Average cost of fuel per MWh;

(M) A detailed description of each account and sub-account where each fuel and purchased power cost or fuel-related revenue is recorded;

(N) Total fuel cost;

(O) Identification of each contract for nuclear fuel, coal, natural gas commodity and transportation the electric utility entered into or renewed during the reported month with identification of terms and parties of the contract. Identification of when and where staff may review each contract;

(P) A copy of each contract for capacity and/or energy purchase having a length of three (3) months or longer that the electric utility entered into during the reported month;

(Q) A copy of each contract for capacity and/or energy sales of a length of three (3) months or longer that the electric utility entered into during the reported month;

(R) Notice of any change(s) to the electric utility's hedging policy and, if changed, a statement or copy of the changed policy;

(S) Each revision to the electric utility's internal policy for participating in a Regional Transmission Organization (RTO) ancillary services market, if the RTO in which the electric utility participates has such a market;

(T) The electric utility's monthly ~~fuel~~ short-term debt interest rate, along with:

1. An explanation of the how that rate was determined;

2. The calculation of the short-term debt interest rate;

3. Identification of any changes in the basis(es) used for determining the short-term debt interest rate from the previous monthly report; and

4. If there is a change in the basis(es) used for determining the short-term debt interest rate, a copy(ies) of the changed basis(es) or identification of where it/they may be reviewed; and

Comment [CL8]: Add "and related competitive bidding materials"

(U) Any additional information that the commission has ordered the electric utility ~~proposes to change the contents or name of the fuel provide in its monthly reports, staff,~~

(6) Surveillance Monitoring Reports. So long as it has a RAM in effect, each electric utility shall submit, either to the manager – Resource Analysis Section or in electronic format where available (with formulas intact) through EFIS and to OPC and others that receive the information will be contacted thirty (30) other parties, a Surveillance Monitoring Report, within fifteen (15) days in advance of the change and notified of such actions. Staff, OPC and others that receive the information shall have the opportunity to discuss the further availability of such information. Specifically the monthly fuel reports after each of the electric utility's United States Securities and Exchange Commission (SEC) 10-Q and 10-K filings are identified as due. The Surveillance Monitoring Report shall be verified by the affidavit of an electric utility representative(s) who has knowledge of the subject matter and who attests to both the veracity of the information and his/her knowledge of it, the information identified in this subsection. These Surveillance Monitoring Reports are highly confidential, as required by 4 CSR 240-20.090(10).

Comment [CL9]: Duplicative text

1. Kansas City Power and Light Company Report 25: Fuel Statistics
2. The Empire District Electric Company Fuel Report
3. Aquila Networks—L&P Monthly Production Statistics
4. Aquila Networks—MPS Monthly Production Statistics
5. AmerenUE—AmerenUE SB 179 Fuel Report; and

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

(N) To the extent any of the requested information outlined above is provided in response to one section, the provision of such information only needs to be provided once.

(6) Each electric utility with a RAM 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 240-20.090(10) to the manager of the auditing department of the commission, OPC and others as provided in sections (9) through (11) in this rule. The submittal to the commission may be made through EFIS.

(A) There are ~~five (5)~~ six (6) parts to the electric utility Surveillance Monitoring Report. Each part, except Part ~~one, I—~~Rate Base Quantifications, shall contain information for the last twelve (12)-month period and the last quarter ~~data for~~ based on total company electric operations data and on Missouri jurisdictional operations. ~~Page one, data. Part I—~~Rate Base Quantifications, shall contain only information ~~for~~ as of the ending date of the period being reported. The ~~form of~~ the Surveillance Monitoring Report ~~form is included herein follows.~~

Comment [CL10]: Content rather than form?

1. ~~Part I—~~Rate Base Quantifications ~~Report~~. The quantification of rate base items ~~on page one in Part I~~ shall be consistent with the methods ~~or~~ and procedures used in the electric utility's most recent rate proceeding ~~before the commission,~~ unless otherwise specified. ~~The report~~ Part I shall consist of specific ~~rate base~~ quantifications of the following rate base items:

- 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; and
 - K. ~~Any~~ All other ~~item~~items included in the electric utility's rate base ~~in the~~from its most recent general rate proceeding; before the commission;
 - L. Net Operating Income from ~~page three~~Part III; and
 - M. Calculation of the overall return on rate base.
2. ~~Part II—Capitalization Quantifications Report. Page two. Part II~~ shall consist of specific ~~capitalization~~ quantifications of the following capitalization-related items:
- 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. ~~Part III—Income Statement. Page three~~Part III shall consist of an income statement containing specific quantification of:
- A. Operating revenues ~~to include, including revenues from~~ sales to industrial, commercial and residential customers, sales for resale and all other components of total operating revenues;
 - B. Operating and maintenance expenses ~~for in~~ fuel expense, production ~~expenses~~expense, purchased power energy, and purchased power capacity;
 - C. Transmission ~~expenses~~expense;
 - D. Distribution ~~expenses~~expense;
 - E. Customer accounts ~~expenses~~expense;
 - F. Customer service and information ~~expenses~~expense;
 - G. Sales ~~expenses~~expense;
 - H. Administrative and general ~~expenses~~expense;
 - 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, both actual and normal;.
4. ~~Part IV—Jurisdictional Allocation Factor Report. Page four~~Factors. Part IV shall consist of a listing~~list~~ of the jurisdictional allocation factors used for ~~the~~determining the electric utility's rate base, capitalization quantification ~~reports~~ and income statement.
5. ~~Part V—Financial Data Notes. Page five~~Part V shall consist of notes to the reported 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~~Specific identification and quantification of material variances between current twelve (12)-month period and prior twelve (12)-month period revenue;
 - D. ~~Expense level~~The expense levels of items ordered by each item the commission ~~to~~has ordered be tracked pursuant to the order establishing in the RAM;
 - E. Budgeted capital projects; and
 - F. Events that materially affect debt or equity surveillance components.
6. Part VI – Missouri Energy Efficiency and Investment Act (MEEIA). An electric utility with approved MEEIA demand-side management programs and an approved demand-side programs investment mechanism shall include all quarterly filing requirements of 4 CSR 240-20.093(9).

Comment [CL11]: And/Or?

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

(C) The

(7) Budget Report. Annually the electric utility shall ~~annually~~ submit ~~to the manager of the energy resource analysis section of the commission, OPC and other parties,~~ its approved budget for the upcoming budget year, in electronic form, ~~based upon its budget year in a format (with formulas intact) and in a layout~~ similar to its Surveillance Monitoring Report. The budget submission shall provide a quarterly and annual quantification of the electric utility's income statement. The budget report shall be submitted within thirty (30) days of ~~its approval~~ ~~when the electric utility's budget is approved~~ 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 designated "highly confidential;" and treated accordingly.

(7)8) Periodic Change to Fuel Adjustment Rates (FAR) When an electric utility files with the commission tariff ~~schedule~~ schedule(s) to ~~adjust an FAC rate~~ change its fuel adjustment rates as described in 4 CSR 240-20.090(4) ~~with the commission,~~ 5, and ~~served~~ serves it upon parties ~~as provided in sections (9) through (11) in this rule,~~ the filed tariff schedule ~~must(s) shall~~ be accompanied ~~by supporting~~:

(A) Prefiled testimony, ~~and at least the~~ that shall include:

1. A discussion that details the factors which contributed to the FPA amount;

2. The change in the fuel adjustment rates;

3. The impact of the proposed fuel adjustment rates on the monthly bill of the electric utility's typical residential customer, together with the definition of typical residential customer used to determine that impact;

4. Either a statement that there have been no new, removal of, modification of, or clarification of a hedging policy of the electric utility, or, if there has been new, removal of, modification of or clarification of a hedging policy of the electric utility, a complete explanation of the change, including monetary impact for the review period and expected impact in future periods will be provided.

5. Either a statement that there has been no change in the electric utility's internal policy for participating in a Regional Transmission Organization (RTO) market, or if there has been a change in the electric utility's internal policy for participating in a Regional Transmission Organization (RTO) market, a complete explanation of the change, including monetary impact for the review period and expected impact in future periods will be provided.

6. A list of possible RTO charge types and RTO revenue types that are expected within the next twelve months; and

7. A separate list of every change in RTO charge types and revenue types with the effective date of each.

(B) The following ~~supporting~~ information: in electronic format where available (with formulas intact):

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

1. For the period ~~from which of~~ historical costs which are being used to ~~adjust~~ propose the ~~FAC rate~~ fuel adjustment rates:

A. ~~Energy~~ A. The billing month and calendar month actual energy sales in kilowatt-hours, by rate class and voltage level;

B. ~~Fuel~~ The actual fuel costs of the types of fuel costs designated in the FAC, listed by fuel type and generating facility by unit and fuel type included in fuel; and

~~C. The actual~~ purchased power costs ~~in the FAC rate and the base rates; and~~
~~C. Purchased power costs included in fuel and of the types of~~ purchased power costs ~~with~~
~~costs designated in the electric utility's FAC,~~ differentiated by:

(I) Short-term and long-term purchased power ~~contracts, where long-term is defined as~~
~~contracts with terms greater than one (1) year;~~

(II) On-peak and off-peak costs; and

(III) Demand ~~costs~~ and energy costs, separately stated;

~~D. Market purchased~~The megawatt-hours and costs ~~included in fuel and of~~ purchased power
~~costs; of the type included in the electric utility's FAC,~~ differentiated by:

(I) Long-term purchased power, with a definition of long-term purchased power;

(II) Short-term purchased power, with a definition of short-term purchased power; and

(III) Spot market purchased power;

E. Revenues ~~from~~, expenses ~~associated with~~, and megawatt-hours ~~from of~~ off-system sales;

~~F-F. Fuel-related revenues other than off-system sales revenues separated by type of fuel-~~
~~related revenue;~~

~~G. Extraordinary costs not to be passed through the electric utility's FAC, if any, due to~~
~~such costs being an insured loss, or subject to reduction due to litigation or for any other reason;~~

~~G. Base rate component of fuel and purchased power costs and revenues from off-system~~
~~sales; and~~

~~H-H. Net base energy costs collected in permanent rates; and~~

~~(I) Any additional requirements ordered by the commission ordered;~~

2. ~~(II) Calculation of each of the proposed FAC collection fuel adjustment rates;~~

3. ~~(III) Calculations supporting of the voltage differentiation of in the proposed FAC~~
~~collection rates, if any, to account for differences in line losses by service voltage level of~~
~~service; and;~~

4.4. The electric utility's monthly short-term debt interest rate, along with:

A. An explanation of how that rate was determined;

B. The calculation of the short-term debt interest rate;

C. Identification of any changes in the basis(es) used for determining the short-term debt
interest rate since the last FAC rate adjustment; and

D. If there is a change in the basis(es) used for determining the short-term debt interest
rate, a copy(ies) of the changed basis(es) or identification of where it/they may be reviewed; and

5. Calculations underlying any seasonal variation in the FAC ~~collection rates; and rate(s).~~

(BC) Workpapers, in electronic format where available (with formulas intact), supporting all
items in ~~subsections subsections~~ (A) and (B) shall be submitted to the ~~manager of the resource~~
~~analysis section of the commission, the Office of the Public Counsel (OPC) and served~~
~~upon other parties as provided in sections (9) through (11) in this rule. This submittal. These~~
~~workpapers may be submitted to the manager of the resource analysis section of the commission~~
~~may be made through EFIS.~~

(8) (9) RAM True-Ups. When an electric utility ~~that has a RAM files its with the commission an~~
application containing ~~its annual a RAM~~ true-up ~~with the commission~~, as described in 4 CSR
240-20.090(5), ~~any rate schedule~~6), the application filing ~~must shall~~ be accompanied by
supporting:

(A) Prefiled testimony, ~~and the electric utility shall: that includes a discussion detailing the~~
~~factors which contributed to the true-up amount.~~

Comment [CL12]: Numbering off?

~~(A) File the~~ (B) The following information with the commission and serve upon parties as provided in sections (9) through (11) in this rule: in electronic format where available (with formulas intact)

1. ~~Amount~~ The calculation of costs the monthly amount that it has ~~was~~ over-collected or under-collected through the RAM by rate class and voltage level ~~its~~ RAM;

2. ~~Proposed adjustments or refunds by rate class and voltage level~~ The electric;

~~3. Electric utility's~~ monthly short-term borrowing debt interest rate along with:

A. An explanation of how that rate was determined;

B. The calculation of the short-term debt interest rate;

C. Identification of any changes in the basis(es) used for determining the short-term debt interest rate since the last RAM rate adjustment; and

D. If there is a change in the basis(es) used for determining the short-term debt interest rate, a copy(ies) of the changed basis(es) or identification of where it/they may be reviewed; and

4. Any additional information ordered by the commission; and that the commission has ordered the electric utility to include in its application containing a RAM true-up.

~~(B) Submit the following information to the commission and served upon the parties as provided in sections (9) through (11) in this rule. This submittal to the commission may be made through EFIS.~~

~~1.~~

~~(C) Workpapers detailing how the determination of the over-collection or under-collection of costs through the RAM was made including any model inputs and outputs and the derivation of any model inputs;~~

~~2. Workpapers detailing the proposed adjustments or refunds, in electronic format where available (with formulas intact), supporting all;~~

~~3. Basis for the electric utility's short-term borrowing rate; and~~

~~4. Any additional information ordered by the commission to be provided.~~

~~(9) Providing to other parties items required to be filed or submitted in preceding sections (3) through (8). Information required to be filed with the commission or in subsections (A) and (B) shall be submitted to the manager of the auditing department resource analysis section of the commission, the Office of the Public Counsel (OPC) and other parties. These workpapers may be submitted to the manager of the resource analysis section of the commission and to OPC in sections (3) through (8) through EFIS.~~

~~(10) Information Provided to Other Parties. Information in this rule the electric utility is required to file with the commission or submit to the manager of the resource analysis section of the commission and to OPC shall also be served, in the same format, served on, or respectively submitted to any, each party to any of the proceedings listed below. If the electric utility designates any such information as highly confidential or proprietary the related designated information shall be protected as provided by Rule 4 CSR 240-2.135, unless the commission has issued an order specifically providing for a different level of protection for that information in the pending or a prior proceeding.~~

~~(A) The most recent general rate proceeding in which the RAM was approved by the electric utility sought commission, periodic approval, modification or discontinuance of its RAM;~~

~~(B) The electric utility's last RAM rate adjustment proceeding, annual;~~

~~(C) The electric utility's last RAM true-up, proceeding; or~~

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~~(D) The electric utility's last RAM prudence review, or general rate case to modify, extend or discontinue the same RAM, pursuant to the provisions of a commission protective order, unless the commission's protective order specifically provides otherwise relating to these sections of the commission's rule on RAMs. proceeding.~~

~~(1011) Party status and providing to other parties affidavits, testimony, information, reports and workpapers in related party rights in RAM proceedings subsequent to the last general rate case where the commission establishes, continues or modifies the electric utility's RAM.~~

~~(A) Each party to the most recent general rate proceeding establishing RAM.~~

~~(A) A person or entity granted intervention in a general rate proceeding in which a RAM is approved by the commission, established, continued or modified the electric utility's RAM shall be a party to anyeach subsequent related periodicRAM rate adjustment proceeding, annualRAM true-up, or proceeding and RAM prudence review proceeding, 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.~~

~~(B) Affidavits, testimony, information, reports, and workpapers to be filed or submitted in connection with a subsequent related periodicRAM rate adjustment proceeding, annualRAM true-up, proceeding, RAM prudence review proceeding, or general rate easeproceeding where the electric utility is seeking to modify, extendcontinue or discontinue the sameits RAM shall be concurrently served on, or submitted to all parties from the prior related general rate proceeding and on all parties from any subsequent related periodic rate adjustment proceeding, annual true-up, prudence review, or general rate ease, each party to modify, extend or discontinueone or more of the proceedings listed below. If the same RAM, concurrently with filingelectric utility, or any other party, designates any such information as highly confidential or proprietary, the same with the commission or submitting the same to the manager of the auditing department of the commission and OPC, pursuant to the provisions of a commission protective orderdesignated information shall be protected as provided by Rule 4 CSR 240-2.135, unless the commission's protectivecommission has issued an order specifically provides otherwise relating to these materialsproviding for a different level of protection for that information in the pending or a prior proceeding.~~

~~(B) A person or entity not a party to the 1. The prior related general rate proceeding in which a;~~

~~2. A RAM 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 rate adjustment proceeding, annual true-up, or prudence review, or, pursuant to 4 CSR 240-2.075(1) through (5), respecting any subsequent related to the prior general rate ease to modify, extend or discontinue the sameproceeding;~~

~~3. A RAM- If no party to a subsequent periodic true-up proceeding related to the prior general rate proceeding; or~~

~~4. A RAM prudence review proceeding related to the prior general rate proceeding; and~~

~~(C) Anyone may seek to intervene, pursuant to 4 CSR 240-2.075, in any RAM rate adjustment proceeding, annualRAM true-up, or proceeding, RAM prudence review, proceeding, or general rate proceeding to modify, continue or discontinue a RAM. If no party objects to the intervention request within ten (10) days of the filing of an application for intervention, when it is filed, then the applicant for intervention shall be deemed as havingto have 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.

~~(11) Issuance of Protective Orders and (12) Discovery.~~

~~(A) In each- Each discovery response that a party obtains in general rate proceedingproceedings where the electric utility seeks for the commission mayto approve, modify, or reject a RAM, contine or discontinue a RAM and in related subsequent RAM rate adjustment proceedings, RAM true-up proceedings and each RAM prudence review proceedings may be offered as evidence in any subsequent RAM rate adjustment proceeding, RAM true-up proceeding, RAM prudence review proceeding or general rate case where the commission may authorizeproceeding to modify, contine or discontinue its RAM as if the modification, extension, or discontinuance of a RAM, response were made to a discovery request in that proceeding without requiring the electric utility or party who made the complainant, depending upon which entity initiates the case, shall file a motion for commission issuance of a protective order. The protective order shall, among other things, provide that the results of discovery may be used in any subsequent periodic rate adjustment proceeding, annual true-up, or prudence review without a party resubmittingrequest to resubmit the same discovery requestsrequest (data requests, interrogatories, requestsrequest, interrogatory, request for production, requestsrequest for admission, or depositions) in the subsequent proceeding to parties that produced the discovery in the prior proceeding, deposition), subject to acommission ruling by the commission concerning on any evidentiary objection made in the subsequent proceeding(s). Unless the commission orders otherwise, sua sponte or on a party's motion, the discovery response shall have the same protection it was last afforded, by rule or by commission order.~~

~~(B) The commission shall establish a new case for each mutually exclusive twelve (12)-month period encompassing an annual true up, prudence review and possible periodic rate adjustments, upon the filing of the first pleading or rate schedule respecting such annual true up, prudence review or periodic rate adjustments, and shall issue a new protective order, pursuant to 4 CSR 240 2.085, to apply in the proceeding without the necessity of any party applying for a protective order. This new protective order shall be identical to the protective order in the immediately preceding related case, unless the electric utility or other party files and serves upon the parties in the immediately preceding related case, at least thirty (30) days prior to the filing of the first pleading or rate schedule respecting the annual true up, prudence review and possible periodic rate adjustments, encompassing an appropriate twelve (12)-month period, a proposed new protective order for commission consideration. If the commission does not rule on the request for a proposed new protective order by the time that information sought to be protected is provided to another party or filed with the commission, the information shall be provided or filed at the level of protection designated by the providing or filing party.~~

(C) If an electric utility or other party files for a new protective order less than thirty (30) days prior to the filing of the first pleading or rate schedule respecting an annual true-up, prudence review or possible periodic rate adjustments, encompassing an appropriate twelve (12) month period, the commission shall initially issue a protective order identical to the protective order in the immediately preceding related case to be in effect while the commission considers responses and decides whether the new protective order proposed by the electric utility or other party shall be adopted for any additional material to be disclosed by parties in the proceeding in question.

(D) Subsequent protective orders shall authorize use of the results of discovery from any preceding proceeding relating to the same RAM, 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 earlier proceeding, subject to a ruling by the commission concerning any evidentiary objection made in the subsequent proceeding.

(12) Supplementing and updating data requests in subsequent related proceedings. If a party which submitted data requests relating to a proposed RAM in the general rate proceeding where the RAM was established or in the general rate proceeding where the same RAM was modified or extended, or in any subsequent related periodic rate adjustment proceeding, annual true-up, 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 rate adjustment proceeding, annual true-up, prudence review or general rate case to modify, extend or discontinue the same RAM, 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. (13) Supplementing and updating discovery responses in subsequent related proceedings. A party who provided a discovery response in a prior case as described in section (12) shall be under no obligation to supplement or update that response in a subsequent proceeding, unless the requesting party issues a discovery request in the subsequent case which clearly identifies the particular data/discovery requests to be supplemented or updated and the particular period to be covered by the updated response. A party responding to a request to supplement or update a prior proceeding discovery response shall supplement or update a data request response, from a related general rate proceeding where a RAM was established, a general rate case where the same RAM was modified or extended, or a related periodic rate adjustment proceeding, annual true-up, or prudence review that the discovery response where the responding party has learned or subsequently learns its response is in some material respect incomplete, in detailed or incorrect.

(13) Separate cases. (14) The commission shall establish a new case for each general rate proceeding involving a RAM and for each mutually exclusive twelve (12) month annual true-up period of a RAM. Each general rate adjustment proceeding where the commission may approve, modify, or reject a RAM true-up proceeding and RAM; each general rate case where the commission may authorize the modification, extension, or discontinuance of a RAM; and each mutually exclusive twelve (12) month period of a RAM that encompasses an annual true-up, prudence review, and possible periodic rate adjustments shall comprise a separate case.

(14) For the purposes of this rule, a RAM (even if continued in substantially the form approved in the previous general rate proceeding) shall be considered to be a new distinct RAM after each general rate proceeding required by section 386.266.4(3), RSMo or if it were modified or extended in a general rate case.

(15) 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.

(16) ~~Waivers. Provisions of this rule may be waived by the commission for~~Variances. For good cause shown, the commission may grant variances from provisions of this rule.

~~(17) Rule Review. The commission shall review the effectiveness of this rule by no later than December 31, 2010, and may, if it deems necessary, initiate rulemaking proceedings to revise this rule.~~

AUTHORITY: sections 386.250 and 393.140, RSMo 2000 and 386.266, RSMo Supp. 2005.
Original rule filed June 16, 2006, effective Jan. 30, 2007.*

**Original authority: 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996; 386.266, RSMo 2005 and 393.140, RSMo 1939, amended 1949, 1967.*

Rules of
Department of Economic Development
Division 240 – Public Service Commission
Chapter 20 – Electric Utilities

PROPOSED AMENDMENT

4 CSR 240-20.090 ~~Electric Utility~~ Fuel and Purchased Power ~~Cost-Recovery~~Rate Adjustment Mechanisms

PURPOSE: This ~~rule sets forth~~ proposed amendment modifies the definitions, structure, operation, and procedures relevant to the filing and processing of applications to ~~reflect prudently incurred~~ allow fuel and purchased power costs ~~through and fuel-related revenues in an interim energy charge or a fuel adjustment clause which allows~~ allow periodic rate adjustments outside general rate proceedings ~~consistent with tariffs, commission orders and procedures that have been implemented since the effective date of the rule.~~

Comment [CL1]: Existing rule?

(1) Definitions. As used in this rule, the following terms mean as follows:

(A) ~~Electric~~(1) This subsection defines various terms as used in this subsection and in subsection 4 CSR 240-3.161 Electric Utility Fuel and Power Rate Adjustment Mechanisms Filing and Submission Requirements:

(A) Accumulation period means the time period set by the commission in the general rate proceeding over which historical fuel and purchased power costs and fuel-related revenues are accumulated for purpose of determining the actual net energy costs (ANEC);

(B) Actual net energy costs (ANEC) means prudently incurred fuel and purchased power costs minus fuel-related revenues of a rate adjustment mechanism (RAM) during the accumulation period;

(C) Base energy costs means that part of the fuel and purchased power costs minus fuel-related revenues of a RAM that are included in permanent rates as determined by the commission in a general rate case and that when divided by kWh at the generator equals the base factor (BF);

(D) Base factor (BF) means base energy costs per kWh at the generator which are established in a general rate proceeding, which may vary by season of the year, and which are included in the utility's fuel adjustment clause (FAC);

(E) Electric utility or utility means electrical corporation as defined in section 386.020, RSMo, subject to commission regulation pursuant to Chapters 386 and 393, RSMo;

(F) FAC charge means the positive or negative dollar amount on each utility customer's bill that is equal to the applicable FAR times the monthly kWh, which in the aggregate is to recover from or return to customers the fuel and purchased power adjustment (FPA) amount;

(G) Fuel adjustment clause (FAC) means a mechanism established in a general rate proceeding which is designed to recover from or return to customers the fuel and purchased power adjustment (FPA) amounts through periodic changes to the fuel adjustment rates made outside a general rate proceeding;

(H) Fuel adjustment rate (FAR) means the dollar per kilo-watt hour (kWh) rate used to determine the FAC charge on each utility customer's bill during a recovery period of a FAC.

The FAR shall be designed to recover from or return to customers the recovery period FPA. The FAR may be positive or negative;

(I) Fuel and purchased power adjustment (FPA) means the dollar amount intended to be recovered from or returned to customers during a given recovery period of a FAC. The FPA may be positive or negative. It includes:

1. The difference between the net base energy cost and the fuel and purchased power costs minus fuel-related revenues actually incurred during the corresponding accumulation period taking into account any incentive ordered by the commission;

2. True-up amount(s) ordered by the commission prior to or on the same day as commission approval of the FAR adjustment;

3. Interest;

4. Prudence adjustment(s) ordered by the commission since the last FAR adjustment; and

5. Any other adjustment ordered by the commission.

(J) Fuel and purchased power costs means prudently incurred and used fuel and purchased power costs, including transportation costs. Prudently incurred costs do not include any increased costs resulting from negligent or wrongful acts or omissions by the utility. ~~If not inconsistent with a commission approved incentive plan, fuel~~ Fuel and purchased power costs ~~also may~~ include prudently incurred actual costs of net cash payments or receipts associated with hedging instruments tied to specific volumes of fuel and associated transportation costs.

1. If off-system sales revenues are not reflected in the rate adjustment mechanism (RAM), ~~fuel~~ Fuel and purchased power costs ~~shall~~ only reflect the prudently incurred fuel and purchased power costs necessary to serve the electric utility's Missouri retail customers.

2. ~~If off-system sales revenues are reflected in the RAM, fuel~~ Fuel and purchased power costs ~~reflect both:~~

A. ~~The prudently incurred fuel and purchased power costs necessary to serve the electric utility's Missouri retail customers; and~~

B. ~~The prudently incurred fuel and purchased power costs associated with the electric utility's off-system sales;~~

(C) ~~Fuel adjustment clause (FAC) means a mechanism established in a general rate proceeding that allows periodic rate adjustments, outside a general rate proceeding, to reflect increases and decreases in an electric utility's prudently incurred fuel and purchased power costs. The FAC may or may not include off-system sales revenues and associated costs. The commission shall determine whether or not to reflect off-system sales revenues and associated costs in a FAC in the general rate proceeding that establishes, continues or modifies the FAC; environmental costs as defined in 4 CSR 240-20.091(1) or renewable energy standard compliance costs as defined in 4 CSR 240-20.100(1);~~

(D) ~~K) Fuel-related revenues means those revenues related to the generation or purchase of energy. Fuel-related revenues may include, but are not limited to, off-system sales, emission allowance sales, and renewable energy credits or certificates;~~

(L) 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;

(E) Initial RAM rules means the rules first adopted by the commission to implement Senate Bill 179 of the Laws of Missouri 2005;

(F) Interest means monthly interest at the utility's short term borrowing rate to accurately and appropriately remedy any over- or under-collections during a recovery period or any commission ordered refund of imprudently incurred costs;

(N) Interim energy charge (IEC) means a mechanism that includes a refundable fixed charge amount billed through an interim energy rate (IER) established in a general rate proceeding, that permits an electric utility to recover some or all of its fuel and purchased power costs separate from the fuel and purchased power costs included in its base rates. Base energy cost in the permanent rates is the floor of the IEC. The base energy cost plus the fuel and purchased power costs to be billed through the IER is the ceiling of the IEC. An IEC may or may not include off-system sales and revenues and associated costs. The commission shall determine whether or not to reflect off-system sales/fuel-related revenues and associated costs in an IEC in the general rate proceeding that establishes, continues or modifies the IEC; costs related to those revenues.;

(GO) Net base energy costs means the product of the utility's base factor (BF) times the utility's actual net system input in kWh at the generator for the accumulation period;

(P) Permanent rates mean the tariffed rates that do not change between general rate proceedings;

(Q) Rate adjustment mechanism (RAM) refers to either a commission-approved fuel adjustment clause or a commission-approved interim energy charge;

(H(R) Rebase base energy costs means the resetting of the base energy cost in the FAC equal to the base energy cost in the test year total revenue requirement in each general rate proceeding in which the FAC is continued or modified;

(S) Recovery period means the period over which the FAR is applied to retail customer usage on a per kilowatt-hour (kWh) basis in an effort to recover the FPA. A recovery period is determined in the general rate case and shall not be longer than twelve (12) billing months;

(T) Staff means the staff of the Public Service Commission; and

(I) True-up year means the twelve (12) month period beginning on the first day of the first calendar month following the effective date of the commission order approving a RAM unless the effective date is on the first day of the calendar month. If the effective date of the commission order approving a rate mechanism is on the first day of a calendar month, then the true-up year begins on the effective date of the commission order. The first annual true-up period shall _____ end _____ on _____ the last day of the twelfth calendar month following the effective date of the commission order establishing the RAM. Subsequent true-up years shall be the succeeding twelve (12) month periods. If a general rate proceeding is concluded prior to the conclusion of a true-up year, the true-up year may be less than twelve (12) months.

(U) True-up amount means:

1. For a FAC, the true-up amount shall be the difference between the FPA and the utility's aggregate FAC charges for a recovery period. If the aggregate FAC charges are more than the FPA, true-up amount will be negative. If the aggregate FAC charges are less than the FPA, the true-up amount will be positive;

2. For an IEC, the true-up amount shall be determined as follows for each consecutive twelve-(12) month period:

A. If the actual fuel and purchased power cost is greater than the IEC ceiling, the true-up amount shall be zero;

B. If the actual fuel and purchased power cost is less than the IEC ceiling and greater than the IEC floor, the true-up amount shall be the difference between the actual fuel and purchased power cost and the combined IEC billed and the base energy cost. The customers will be credited/refunded this amount; or

C. If the actual fuel and purchased power cost is less than the IEC floor, the true-up amount shall be the aggregate IEC billed. The customers will be credited/refunded this amount.

(2) Applications to Establish, Continue or Modify a RAM. ~~Pursuant to the provisions of this rule, 4 CSR 240-2.060 and section 386.266, RSMo, only an~~ An electric utility ~~in a general rate proceeding may~~ may only file an application with the commission to establish, continue or modify a RAM ~~by filing tariff schedules in a general rate proceeding.~~ Any party in ~~the~~ a general rate proceeding ~~in which a RAM is effective or proposed~~ may seek to continue, modify or oppose the RAM. The commission shall approve, modify or reject such ~~applications to establish a RAM~~ application only after providing the opportunity for a full hearing in ~~the~~ a general rate proceeding. The commission shall consider all relevant factors that may affect the costs or overall rates and charges of the petitioning electric utility.

(A) The commission may approve the establishment, continuation or modification of a RAM and associated ~~rate schedule~~ tariff sheets provided that it finds that the RAM it approves is reasonably designed to provide the electric utility with a sufficient opportunity to earn a fair return on equity and so long as the ~~rate schedule~~ tariff sheets that implement the RAM conform to the RAM approved by the commission. During its determination of whether an electric utility should be allowed to establish, continue or modify a RAM, the commission shall consider whether the fuel and purchased power costs and fuel-related revenues that would flow through the RAM are:

1. Substantial enough to have a material impact upon revenue requirements and the financial performance of the electric utility between rate cases;
2. Beyond the control of management, where utility management has little influence over experienced levels of fuel and purchased power costs and fuel-related revenues; and
3. Volatile in amount, causing significant swings in income and cash flow if not tracked.

(B) The commission may take into account any change in business risk ~~to~~ of the utility resulting from establishment, continuation or modification of the RAM in setting the electric utility's allowed return on equity in any general rate proceeding, in addition to any other changes in business risk experienced by the electric utility.

(C) In determining which ~~cost components~~ fuel and purchased power costs and fuel-related revenues to include in a RAM, the commission will consider, but is not limited to only considering, the magnitude of ~~the cost~~ each cost or revenue, the ability of the utility to manage ~~the cost~~ each cost or revenue, the volatility of ~~the~~ each cost ~~component~~ or revenue and the incentive provided to the utility as a result of the inclusion or exclusion of ~~the~~ each cost ~~component~~ or revenue. The commission may, in its discretion, determine what portion of prudently incurred fuel and purchased power costs and fuel-related revenues may be recovered in a RAM and what portion shall be recovered in ~~base~~ permanent rates.

(D) The electric utility shall include in its initial notice to customers regarding the general rate case, a commission approved description ~~of how the costs passed through the proposed RAM requested shall be applied to monthly bills~~ of how its proposed RAM shall be applied to monthly bills. This description shall include the electric utility's estimate of the total requested rate change and the portion of the total requested rate change that is due to changes in fuel and purchased power costs and fuel-related revenues of the proposed RAM. The initial notice to customers shall also include the amount of the proposed change to the base energy costs and the impact on customers' bills resulting from the proposed change to the base energy costs.

(E) Any party to the general rate proceeding may oppose ~~the establishment, continuation or modification of any~~ RAM and/or may propose alternative RAMs for the commission's consideration ~~including but not limited to modifications to the electric utility's proposed RAM.~~

(F) The RAM ~~and periodic adjustments thereto, including the fuel adjustment rates,~~ shall be based on historical fuel and purchased power costs and fuel-related revenues.

(G) The electric utility shall ~~meet~~comply with the filing requirements in 4 CSR 240-3.161(2) in conjunction with an application to establish a RAM and 4 CSR 240-3.161(3) in conjunction with an application to continue or modify a RAM.

~~(H)~~(H) For a FAC, the base energy costs will be the fuel and purchased power costs minus fuel-related revenues for the general rate proceeding as determined by the commission. The electric utility must rebase base energy costs whenever it makes an application to establish, continue or modify a RAM. The base energy costs shall also be used to set permanent rates. However, non-FAC fuel-related costs and revenues may be included in the revenue requirement used in setting permanent rates.

(I) The electric utility must conduct heat rate tests and/or efficiency tests on each of the electric utility's nuclear and non-nuclear steam generators, heat recovery steam generators (HRSGs), steam turbines and combustion turbines within twenty-four (24) months preceding the filing of an application to establish, continue or modify a RAM.

1. The results of those tests shall be provided to the staff, Office of Public Counsel (OPC) and to intervenors in the general rate proceeding as part of the workpapers it provides in connection with the filing of its direct case filing and shall be presented in a table format by generating unit, unit type, rated megawatt (MW) output rating, the numerical value of the latest heat rate test and the date of the latest heat rate test; and

2. The electric utility shall provide a statement in its testimony where the heat rate test results, the actual heat rate test documentation, the heat rate testing schedule for all generating units and the heat rate test procedures can be found in its workpapers.

(J) True-ups. For an electric utility with a FAC, the utility shall include in its proposed tariff sheets and application provisions which shall accurately and appropriately remedy any true-up amount as part of the electric utility's determination of its FPA for a change to its FARs. The proposed tariff sheets shall include at a minimum:

1. When the electric utility will file for a true-up; and

2. How and when the true-up amount will be recovered.

For an electric utility with an IEC mechanism, a true-up must be filed within sixteen (16) months of the operation of law date of the IEC and be filed annually thereafter.

(K) Any party to the general rate proceeding may propose a cap on the ~~change in the FAC,~~ reasonably designed periodic changes to the fuel adjustment rate (FAR), to mitigate volatility in rates, provided it proposes a method for the utility to recover all of the costs it would be entitled to recover in the FAC, together with interest thereon.

Comment [CL2]: Covered in chapter 3?

(L) If the electric utility has a commission-approved environmental cost recovery mechanism (ECRM) and revenue to be collected through the ECRM tariff sheets exceed two and one half percent (2.5%) of the electric utility's Missouri annual gross jurisdictional revenues, the electric utility cannot subsequently request that any cost the commission identified as an environmental cost be recovered through a RAM.

(3) ~~Application for Discontinuation of~~ Discontinue a RAM. The ~~commission shall allow or require the rate schedule~~ tariff sheets that define and implement a RAM ~~to~~ shall only be discontinued and withdrawn ~~only after providing~~ the opportunity for a full hearing in a general rate proceeding. The commission shall consider all relevant factors that affect the cost or overall rates and charges of the petitioning electric utility.

(A) Any party to the general rate proceeding may oppose the discontinuation of a RAM on the grounds that the utility is opportunistically discontinuing the RAM due to declining fuel or purchased power costs and/or increasing ~~off-system sales~~ fuel-related revenues. If the commission finds that the utility is opportunistically seeking to discontinue the RAM for any of these reasons, the commission shall not allow the RAM to be discontinued, and shall order its continuation or modification. To continue or modify the RAM under such circumstances, the commission must find that it provides the electric utility with a sufficient opportunity to earn a fair rate of return on equity and the ~~rate schedule~~ tariff sheets filed to implement the RAM must conform to the RAM approved by the commission. Any RAM and periodic adjustments ~~thereto~~ the FAR shall be based on historical fuel and purchased power costs and fuel-related revenues.

(B) The commission may take into account any change in business risk ~~to~~ of the corporation electric utility resulting from discontinuance of the RAM in setting the electric utility's allowed return on equity in any general rate proceeding, in addition to any other changes in the electric utility's business risk ~~experienced by the electric utility.~~

(C) The electric utility shall include in its initial notice to customers, regarding the general rate case, a commission approved description of why it believes the RAM should be discontinued.

(D) Subsections (2)(A), (C), (F) through (E), (F) and (GH) shall apply to any proposal for continuation or modification.

(E) The electric utility shall meet the filing requirements in 4 CSR 240-3.161(4).

(4) ~~Periodic Adjustments of FACs. Requirements for Electric Utilities That Have a RAM. If the commission grants, modifies or continues~~ an electric utility's RAM, the electric utility ~~file~~ shall:

(A) Maintain for review by staff at its corporate headquarters, or some other place mutually agreed upon by the electric utility and staff, a copy of each and every nuclear fuel, coal, natural gas and fuel transportation contract, including every amendment and modification to each contract, that was in effect during a RAM for the electric utility; and

(B) Notify the manager of the commission's energy resource analysis section of every new nuclear fuel, coal, natural gas and fuel transportation contract and every new amendment and every new modification to currently existing contracts within 30 days of the effective date of the contract, amendment or modification. The notification shall include where the contracts, amendments and modifications may be reviewed.

Comment [CL3]: "and related competitive bidding materials"

(5) Applications for Periodic Changes to Fuel Adjustment Rates. An electric utility that has a FAC shall file proposed rate schedule tariff sheet(s) to adjust its FAC rates between FARs following each accumulation period. The FARs shall be designed to bill the electric utility's customers, in the aggregate, the FPA if the FPA is positive, or return the FPA to the utility's customers if the FPA is negative.

(A) Determinations of imprudence amounts, true-up amounts and any corrections shall be made in separate cases in EFIS, not in a FAR adjustment case.

(B) The electric utility shall initiate a new case with an ER designation for each periodic adjustment of its FARs.

(C) An electric utility with a FAC shall file an adjustment to its FARs within two (2) months of the end of each consecutive twelve (12) month period after the effective date of the FAC. It may also file up to three (3) additional adjustments to its FARs within each twelve (12) month time period, with the timing and number of such additional filings to be determined in the general rate proceedings, proceeding establishing, continuing or modifying the staff FAC.

(D) The electric utility must be current on its submission of its Surveillance Monitoring Reports required by section (11) and its monthly reporting requirements of 4 CSR 240-3.161(5).

(E) Staff shall review the information filed by the electric utility in accordance with 4 CSR 240-3.161 and additional information obtained through discovery, if any, to determine if the proposed adjustment to the FARs is in accordance with the provisions of this rule, section 386.266, RSMo and the FAC mechanism established in the most recent general rate proceeding. The staff shall submit a recommendation regarding its examination and analysis to the commission not later than thirty (30) days after the electric utility files its tariff schedules to adjust its FAC rates. If the FAC rate adjustment is in accordance with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established in the most recent general rate proceeding, the commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility's filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed. If the FAC rate adjustment is not in accordance with the provisions of this rule, section 386.266, RSMo, or the FAC mechanism established in the most recent rate proceeding, the commission shall reject the proposed rate schedules within sixty (60) days of the electric utility's filing and may instead order implementation of an appropriate interim rate schedule(s). utility's most recent general rate proceeding. Within thirty (30) days after the electric utility files its application and tariff sheets to adjust its FARs, the staff shall submit a recommendation regarding its examination and analysis to the commission.

(A) An electric utility with a FAC shall file one (1) mandatory adjustment to its FAC in each true-up year coinciding with the true-up of its FAC. It may also file up to three (3) additional adjustments to its FAC within a true-up year with the timing and number of such additional filings to be determined in the general rate proceeding establishing the FAC and in general rate proceedings thereafter.

(B) The electric utility must be current on its submission of its Surveillance Monitoring Reports as required in section (10) and its monthly reporting requirements as required by 4 CSR 240-3.161(5) in order for the commission to process the electric utility's requested FAC adjustment increasing rates.

~~(C)(F) OPC and intervenors may file a response to the electric utility's proposed FAR adjustment within forty (40) days after the electric utility files its application and tariff sheet(s) to adjust its FARs.~~

Comment [CL4]: Other parties per chapter 3 also?

~~(G) Within sixty (60) days after the electric utility files its application and tariff sheet(s) to adjust its FARs, the commission shall determine if the adjustment to the FARs accord with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established in the electric utility's most recent general rate proceeding. The commission shall:~~

~~1. Issue an interim rate adjustment order approving the tariff sheets and the adjustments to the FARs;~~

~~2. Allow the tariff sheets and the adjustments to the FARs to take effect without commission order; or~~

~~3. Reject the proposed rate schedules, suspend the timeline of the FAR adjustment filing, set a prehearing date and order the parties to propose a procedural schedule. The commission may order the electric utility to file tariff sheet(s) to implement interim FARs.~~

~~(H) If the staff, Office of the Public Counsel (OPC) or other party which receives, pursuant to a protective order 4 CSR 240-2.135, the information that the electric utility is required to submit in 4 CSR 240-3.161 and as ordered by the commission in a previous proceeding, believes that the information required to be submitted pursuant to 4 CSR 240-3.161 and the commission order establishing the RAMFAC has not been submitted in compliance with that rule, or order, it shall notify the electric utility within ten (10) business days of the electric utility's filing of an application or tariff schedules to adjust the FAC ratesFARs and identify the information required and not submitted in compliance with that rule or order. The electric utility shall supply the information identified by the party, or shall notify the party that it believes the information provided was in compliance with the requirements of 4 CSR 240-3.161 and the commission order establishing the FAC, within ten (10) business days of the request. If the electric utility does not timely supply the information, the party asserting the failure to provide the required information must timely file a motion to compel with the commission.~~

~~1. While the commission is considering the motion to compel, the processing timeline for the adjustment to increase FAC rates the FARs shall be suspended. If the commission then issues an order requiring the information be provided, the time necessary for the information to be provided shall further extend the processing timeline for the adjustment to increase FAC rates the FARs. For good cause shown the commission may further suspend this timeline. Any delay in providing sufficient information in compliance with 4 CSR 240-3.161 in a request to decrease FAC rates shall not alter the processing timeline.~~

~~(5) True-Ups of RAMs. An electric utility that files for a RAM shall include 2. Any delay in its tariff schedules and application, if filed providing sufficient information in addition to tariff schedules, provision for true ups on at least an annual basis which shall compliance with 4 CSR 240-3.161 and the commission order establishing the FAC in a request to decrease the FARs shall not alter the processing timeline.~~

Comment [CL5]: Except as provided herein

~~(6) Applications for the True-Ups of RAMs. The purpose of a true-up case is to accurately and appropriately remedy any over-collection or under-collection through subsequent rate adjustments or refunds during a recovery period, including the interest accrued at the utility's short-term interest rate.~~

~~(A) The subsequent true up rate Determinations of imprudence, adjustments or refunds shall include interest at the to FARs and any corrections shall be made in separate cases, not in a true-up case.~~

~~(B) The electric utility's short-term borrowing rate utility shall initiate a new case with an EO designation for each true-up application.~~

~~(B) The true-up adjustment shall be the difference between the historical fuel and purchased power costs intended for collection during the true-up period and billed revenues associated with the RAM during the true-up period.~~

~~(C)~~

~~(D) The electric utility must be current on its submission of its Surveillance Monitoring Reports as required in section (4011) and its monthly reporting requirements as required by 4 CSR 240-3.161(5) at the time that it files its application for a true-up of its RAM in order for the commission to process the electric utility's requested annual true-up of any under-collection.~~

~~(DE) The staff shall examine and analyze the information filed by the electric utility pursuant to 4 CSR 240-3.161 and additional information obtained through discovery and as ordered by the commission, to determine whether the true-up amount is in accordance with the provisions of this rule, section 386.266, RSMo and the RAM established in the electric utility's most recent general rate proceeding. The staff shall submit a recommendation regarding its examination and analysis to the commission not later than thirty (30) days after the electric utility files its tariff schedules for a true-up. The commission shall either issue an order deciding the true up within sixty (60) days of the electric utility's filing, suspend the timeline of the true up in order to receive additional evidence and hold a hearing if needed or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect by operation of law sixty (60) days after the utility's filing for a true-up amount.~~

~~1-(F) OPC and intervenors may file a response to the proposed true-up amount within forty (40) days of the electric utility true-up filing.~~

Comment [CL6]: Other parties?

~~(G) Within sixty (60) days of the electric utility's true-up filing the commission shall issue an order:~~

~~1. Deciding the true-up amount; or~~

~~2. Suspending the timeline of the true-up filing. If the commission's order suspends the timeline,~~

~~A. It may order an interim true-up amount; and~~

~~B. It shall include in its order a date for a prehearing for the parties to propose a procedural schedule.~~

~~(H) If the staff, OPC or other party which receives, pursuant to a protective order 4 CSR 240-2.135, the information that the electric utility is required to submit in 4 CSR 240-3.161 and as ordered by the commission in a previous proceeding, believes the information that is required to be submitted pursuant to 4 CSR 240-3.161 and the commission order establishing the RAM has not been submitted or is insufficient to make a recommendation regarding the electric utility's true-up filing, it shall notify the electric utility within ten (10) days of the electric utility's filing and identify the information required. The electric utility shall supply the information identified by the party, or shall notify the party that it believes the information provided was responsive to the requirements, within ten (10) days of the request. If the electric utility does not timely supply the information, the party asserting the failure to provide the required information must timely file a motion to compel with the commission.~~

~~1. While the commission is considering the motion to compel, the processing timeline for the adjustment to determination of the FAC rate true-up amount shall be suspended. If the commission then issues an order requiring the information to be provided, the time necessary for~~

the information to be provided shall further extend the processing timeline. For good cause shown the commission may further suspend this timeline.

2. If the party requesting the information can demonstrate to the commission that the ~~adjustment~~true-up amount shall result in a reduction in the ~~FAC-rates~~FAR, the processing timeline shall continue with the best information available. When the electric utility provides the necessary information, the ~~RAM~~FAR shall be adjusted again, if necessary, to reflect the additional information provided by the electric utility.

(67) Duration of RAMs and Requirement for General Rate Case. Once a RAM is approved by the commission, it shall remain in effect for a term of not more than four (4) years unless the commission earlier authorizes the modification, extension, or discontinuance of the RAM in a general rate proceeding, although an electric utility may submit proposed rate schedules to implement periodic adjustments to its ~~FAC-rates~~FARs between general rate proceedings.

(A) If the commission approves a RAM for an electric utility, the electric utility must file a general rate case with the effective date of new rates to be no later than four (4) years after the effective date of the commission order implementing the RAM, assuming the maximum statutory suspension of the rates so filed.

1. The four (4)-year period shall not include any periods in which the electric utility is prohibited from collecting any charges under the ~~adjustment mechanism~~RAM, or any period for which charges collected under the ~~adjustment mechanism~~RAM must be fully refunded. In the event a court determines that the ~~adjustment mechanism~~RAM is unlawful and all moneys collected are fully refunded as a result of such a decision, the electric utility shall be relieved of any obligation to file a general rate case. The term fully refunded as used in this section does not include amounts refunded as a result of reductions in fuel or purchased power costs minus fuel-related revenues or prudence adjustments.

(78) Prudence Reviews Respecting RAMs. A prudence review of the fuel and purchased power costs and fuel-related revenues subject to the RAM shall be conducted by staff no less frequently than at eighteen (18)-month intervals.

(A) All amounts ordered refunded by the commission shall include interest at the electric utility's short-term borrowing rate.

(B) The staff shall file notice within ten (10) days of starting its prudence review and shall submit a recommendation regarding its examination and analysis to the commission not later than one hundred eighty (180) days after ~~the staff initiates~~initiating its prudence audit. ~~The timing and frequency of review. Parties to the prudence audits for each RAM shall be established in the general rate review proceeding in which the RAM is established. The staff shall file notice within~~shall have ten (10) days ~~of starting~~after the staff files its prudence audit recommendation to request a hearing. The commission shall issue an order not later than ~~two hundred ten (210)~~thirty (30) days after the staff ~~commences~~files its prudence audit recommendation if no party ~~to the proceeding in which the prudence audit is occurring files, within one hundred ninety (190) days of the staff's commencement of its prudence audit, a request for~~requests a hearing.

1. If the staff, OPC or other party intervenor auditing the RAM believes that insufficient information has been supplied to make a recommendation regarding the prudence of the electric utility's RAM, it may utilize discovery to obtain the information it seeks. If the electric utility does not timely supply the information, the party asserting the failure to provide the required information must timely file a motion to compel with the commission. While the commission is

Comment [CL7]: Might be worthwhile to include a statement of prudence standards in the rule

considering the motion to compel the processing timeline shall be suspended. If the commission then issues an order requiring the information to be provided, the time necessary for the information to be provided shall further extend the processing timeline. For good cause shown the commission may further suspend this timeline.

2. If the timeline is extended due to an electric utility's failure to timely provide sufficient responses to discovery and a refund is due to the customers, the electric utility shall refund all imprudently incurred costs plus interest at the electric utility's short-term borrowing rate.

(8C) Alleged imprudence with respect to any aspect of a RAM may be filed at any time as a formal complaint consistent with the commission's rule regarding complaints 4 CSR 240-2.070 Complaints. Violation of the RAM tariff sheets may be considered imprudence.

(9) Disclosure on Customers' Bills. Any amounts charged under a RAM approved by the commission-approved RAM shall be separately disclosed on each customer's bill. Proposed language regarding this disclosure shall be submitted to the commission for the commission's approval in the general rate proceeding establishing, modifying or continuing the RAM.

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(910) Rate Design of the RAM. The design of the RAM rates shall reflect differences in losses incurred in the delivery of electricity at different voltage levels for the electric utility's different rate classes. Therefore, as determined through the periodic conduct of Missouri jurisdictional system loss studies. When the electric utility shall conduct initially seeks authority to use a RAM, the end of the twelve (12)-month period of actual data collected that is used in its Missouri jurisdictional system loss study must be within the twenty-four (24) months prior to the general rate proceeding in which it requests its initial RAM. The electric immediately preceding the date the utility shall conduct a Missouri jurisdictional loss study no less often than every four (4) years thereafter, on a schedule that permits the study to be used in the general rate proceeding necessary files its application for the general rate case requesting a RAM. When the electric utility seeks to continue to utilize a RAM or modify its RAM, the end of the twelve (12)-month period of actual data collected that is used in its Missouri jurisdictional system loss study must be no earlier than four (4) years before the end of the twelve (12)-month period the utility uses for developing the general rates it proposes the Commission approve in that general rate proceeding.

(1011) Submission of Surveillance Monitoring Reports. Each electric utility with an approved RAM shall submit to staff, OPC and parties approved by the commission as defined in 4 CSR 240-3.161(11)(A) a Surveillance Monitoring Report in the form and having the content provided for by 4 CSR 240-3.161(6)-).

(A) The Surveillance Monitoring Report shall be submitted within fifteen (15) days of the electric utility's next scheduled United States Securities and Exchange Commission (SEC) 10-Q or 10-K filing with the initial submission within fifteen (15) days of the electric utility's next scheduled SEC 10-Q or 10-K filing following the effective date of the commission order establishing the RAM.

(B) If the electric utility also has any other approved environmental cost recovery mechanism(s) which requires submission of surveillance monitoring reports, the electric utility must submit a single Surveillance Monitoring Report for both that incorporates the environmental requirements of the surveillance monitoring report requirements for all cost recovery mechanism and the RAM mechanisms.

(C) Upon a finding that a utility has knowingly or recklessly provided materially false or inaccurate information to the commission regarding the surveillance data prescribed in 4 CSR

240-3.161(6), after notice and an opportunity for a hearing, the commission may suspend a fuel adjustment mechanism or order other appropriate remedies as provided by law.

(12) Incentive Mechanism or Performance-Based Program. During a general rate proceeding in which an electric utility has proposed establishment or modification of a RAM, or in which a RAM may be allowed to continue in effect, any party may propose for the commission's consideration incentive mechanisms or performance-based programs to improve the efficiency and cost effectiveness of the electric utility's fuel and purchased power procurement and/or off-system sales activities.

(A) The incentive mechanisms or performance-based programs may or may not include some or all components of fuel and purchased powerbase energy costs, designed to provide the electric utility with incentives to improve the efficiency and cost-effectiveness of its fuel and purchased power procurement and/or off-system sales activities.

(B) Any incentive mechanism or performance-based program shall be structured to align the interests of the electric utility's customers and shareholders. The anticipated benefits to the electric utility's customers from the incentive or performance-based program shall equal or exceed the anticipated costs of the mechanism or program to the electric utility's customers. For this purpose, Customer rates shall include the cost of an incentive mechanism or performance-based program shall include any increase in expense or reduction in revenue credit that increases rates to customers in any time period above what they would be without the incentive mechanism or performance-based program.

(C) If the commission approves an incentive mechanism or performance-based program, such incentive mechanism or performance-based program shall be binding on the commission for the entire term of the incentive mechanism or performance-based program. If the commission approves an incentive mechanism or performance-based program, such incentive mechanism or performance based program shall be binding on the electric utility for the entire term of the incentive mechanism or performance-based program unless otherwise ordered or conditioned by the commission.

(13) Pre-Existing Adjustment Mechanisms, Tariffs and Regulatory Plans. The provisions of this rule shall not affect:

(A) Any adjustment mechanism, rate schedule, tariff, incentive plan, or other ratemaking mechanism that was approved by the commission and in effect prior to the effective date of this rule January 2015; and

(B) Any experimental regulatory plan that was approved by the commission and in effect prior to the effective date of this rule January 2015.

(14) Nothing in this rule shall preclude a complaint case from being filed, as provided by law, on the grounds that an electric utility is earning more than a fair return on equity, nor shall an electric utility be permitted to use the existences of its RAM as a defense to a complaint case based upon an allegation that it is earning more than a fair return on equity. If a complaint is filed on the grounds that an electric utility is earning more than a fair return on equity, the commission shall issue a procedural schedule that includes a clear delineation of the case timeline no later than sixty (60) days from the date the complaint is filed.

(14) Rule Review. The commission shall review the effectiveness of this rule by no later than December 31, 2010, and may, if it deems necessary, initiate rulemaking proceedings to revise this rule.

Comment [CL8]: Don't some aspects of the rule apply? Just say in event of inconsistency prior plan controls?

(15) Waiver of Provisions of this Rule. Provisions of this rule may be waived by the commission for good cause shown after an opportunity for a hearing.

AUTHORITY: sections 386.250 and 393.140, RSMo 2000 and 386.266, RSMo Supp. 2005.
Original rule filed June 15, 2006, effective Jan. 30, 2007.*

**Original authority: 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996; 386.266, RSMo 2005; and 393.140, RSMo 1939, amended 1949, 1967.*