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Director of Regulatory Review

September 5, 2013

Mike Downing, Acting Director
Department of Economic Development
301 W. High Street
P.O. Box 1157
Jefferson City, Missouri 65102

RE: 4 CSR 240-20.095 Rate Design Modifications for Demand-Side Program Cost Recovery

Dear Mr. Downing:

The Public Service Commission proposes rule 4 CSR 240-20.095, Rate Design Modifications for Demand-Side Program Cost Recovery. This rule will set forth the requirements and procedures for filing requests for rate design modifications for recovery of costs associated with demand-side programs.

The proposed rule does not implicate the takings clause of the U.S. Constitution, because the proposed rule does not involve the taking of real property.

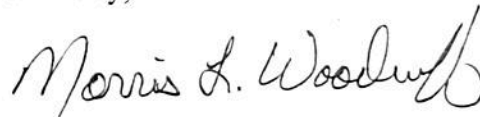
The Commission has performed the small business analysis required by Section 536.300, RSMo Supp. 2012, and includes the small business impact statement with this filing. Proposed Rule 4 CSR 240-20.095 does not impose any requirement that "will cause direct and significant economic burden upon a small business, or that is directly related to the formation, operation, or expansion of a small business." The Commission certifies that it has determined that the proposed rule will not have an economic impact on small businesses.

Mr. Mike Downing
September 5, 2013
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Please find enclosed a copy of the Proposed Rule, a Small Business Impact Statement, and, for your signature, a Public Entity Cost Affidavit. Please review and sign the Affidavit at your earliest convenience so that the Commission may proceed with publishing the proposed rule.

Please let me know if you have any questions concerning this proposed rule.

Sincerely,

A handwritten signature in black ink, reading "Morris L. Woodruff". The signature is written in a cursive style with a large, stylized "M" and "W".

Morris Woodruff
Chief Regulatory Law Judge
(573) 751-2849 (telephone)
(573) 526-6010 (facsimile)
Morris.woodruff@psc.mo.gov (e-mail)

Enclosure

**Title 4 - Department of Economic
Development
Division-240 Public Service Commission
Chapter-20 Electric Utilities**

PROPOSED RULE

4 CSR 240-20.095 Rate Design Modifications For Demand-Side Program Cost Recovery

PURPOSE: This rule sets forth the requirements and procedures for filing requests for rate design modifications for recovery of costs associated with demand-side programs.

(1) As used in this rule, the following terms mean—

- (A) “Demand-side program” means any program conducted by the utility to modify the net consumption of electricity on the retail customer’s side of the meter including, but not limited to, energy efficiency measures, load management, demand response, and interruptible or curtailable load;**
- (B) “Demand-side program plan” means a particular combination of demand-side programs to be delivered according to a specified implementation schedule and budget; and**
- (C) Demand-side programs investment mechanism, or DSIM, means a mechanism approved by the commission in a utility’s filing for demand-side program approval to encourage investments in demand-side programs. The DSIM may include, in combination and without limitation—**
 - 1. Cost recovery of demand-side program costs through capitalization of investments in demand-side programs;**
 - 2. Cost recovery of demand-side program costs through a demand-side program cost tracker;**
 - 3. Accelerated depreciation on demand-side investments;**
 - 4. Recovery of lost revenues; and**
 - 5. Utility incentive based on the achieved performance level of approved demand-side programs.**

(2) An electric utility may request modification of its rate design for demand-side cost recovery by filing tariff schedules(s) with the commission as part of —

- (A) An application for approval of demand-side programs or a demand-side program plan and a DSIM; or**
- (B) A general rate proceeding.**

(3) Any request for modification of a rate design shall include with the filing supporting documentation for the request, including but not limited to workpapers, data, computer model documentation, analysis, and other supporting information to support and explain the modification of the rate design. All information shall be labeled and all spreadsheets shall have all formulas intact.

AUTHORITY: Section 393.1075.5, RSMo 2010.

PUBLIC COST: *This new rule is estimated not to cost state agencies or political subdivisions more than five-hundred dollars (\$500) in the aggregate for reviewing filings and monitoring compliance.*

PRIVATE COST: *This new rule is estimated not to cost private entities more than five hundred dollars (\$500) in the aggregate for additional filings before the Commission.*

NOTICE TO SUBMIT COMMENTS AND NOTICE OF PUBLIC HEARING: *Anyone may file comments in support of or in opposition to this proposed rule with the Missouri Public Service Commission, Morris Woodruff, Secretary of the Commission, P.O. Box 360, Jefferson City, MO 65102. To be considered, comments must be received at the commission's offices on or before _____, and should include a reference to Commission Case No.. Comments may also be submitted via a filing using the commission's electronic filing and information system at <http://www.psc.mo.gov/efis.asp>. A public hearing regarding this proposed rule is scheduled for _____ at 10:00 a.m. in the commission's offices in the Governor Office Building, 200 Madison Street, Room 305 Jefferson City, Missouri. Interested persons may appear at this hearing to submit additional comments and/or testimony in support of or in opposition to this proposed rule, and may be asked to respond to commission questions. Any persons with special needs as addressed by the Americans with Disabilities Act should contact the Missouri Public Service Commission at least ten (10) days prior to the hearing at one (1) of the following numbers: Consumer Services Hotline 1-800-392-4211 (voice) or Relay Missouri at 711.*

**AFFIDAVIT
PUBLIC COST**

STATE OF MISSOURI)
)
COUNTY OF COLE)

I, Mike Downing, Acting Director of the Department of Economic Development, first being duly sworn, on my oath, state that it is my opinion that the cost of proposed rule, 4 CSR 240-20.095, is less than five hundred dollars in the aggregate to this agency, any other agency of state government or any political subdivision thereof.

Mike Downing
Acting Director
Department of Economic Development

Subscribed and sworn to before me this _____ day of _____, 2013, I am commissioned as a notary public within the County of _____, State of Missouri, and my commission expires on _____.

Notary Public

Small Business Regulator Fairness Board Small Business Impact Statement

Date: September 4, 2013

Rule Number: 4 CSR 240-20.095

Name of Agency Preparing Statement: Missouri Public Service Commission

Name of Person Preparing Statement: Natelle Dietrich

Phone Number: 573-751-7427

Email: natelle.dietrich@psc.mo.gov

Name of Person Approving Statement: Natelle Dietrich

Please describe the methods your agency considered or used to reduce the impact on small businesses *(examples: consolidation, simplification, differing compliance, differing reporting requirements, less stringent deadlines, performance rather than design standards, exemption, or any other mitigating technique).*

The Commission held several workshops and an on-the-record conference to address concerns raised by stakeholders.

Please explain how your agency has involved small businesses in the development of the proposed rule.

Workshops were open to all interested stakeholders. This included ratepayer advocacy groups and industrial consumer groups.

Please list the probable monetary costs and benefits to your agency and any other agencies affected. Please include the estimated total amount your agency expects to collect from additionally imposed fees and how the moneys will be used.

None

Please describe small businesses that will be required to comply with the proposed rule and how they may be adversely affected.

Small businesses that are not able to opt-out of rates associated with the Missouri Energy Efficiency Act will be affected by proposed rate design modifications that are allowed by statute. The rule sets forth the procedures for

implementing the statutory language, which will provide all parties an opportunity to participate in the rate design modification process.

Please list direct and indirect costs (in dollars amounts) associated with compliance.

N/A

Please list types of business that will be directly affected by, bear the cost of, or directly benefit from the proposed rule.

Businesses that pay electric rates associated with the Missouri Energy Efficiency Investment Act, investor-owned utilities.

Does the proposed rule include provisions that are more stringent than those mandated by comparable or related federal, state, or county standards?

Yes___ No_X__

If yes, please explain the reason for imposing a more stringent standard.

For further guidance in the completion of this statement, please see §536.300, RSMo.