

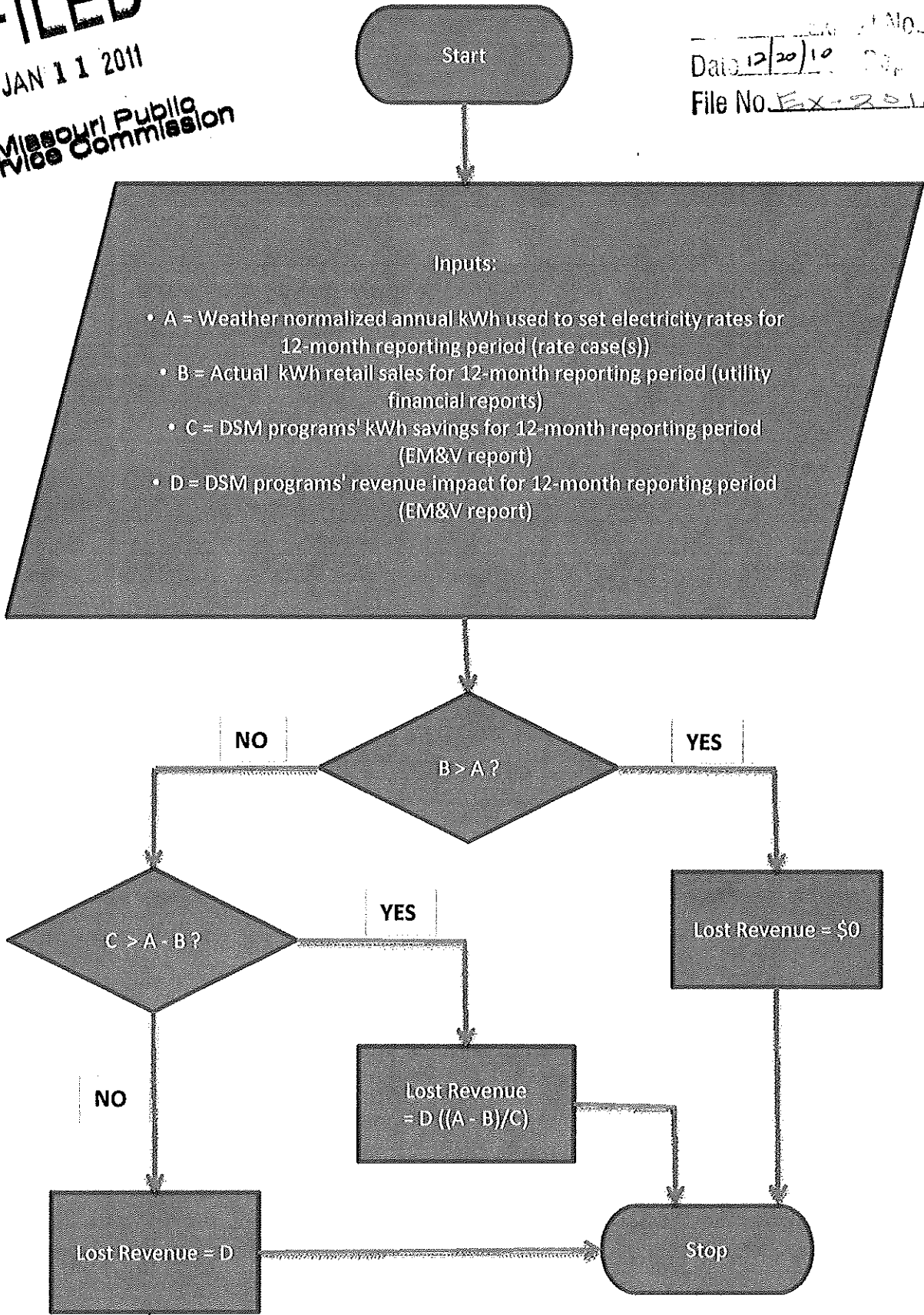
Lost Revenue Definition in 4 CSR 240-20.093(1)X

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Missouri Public Service Commission

Case No. 1
Date 12/20/10
File No. EX-2010-0368



Definition of Lost Revenue and Examples of Lost Revenue Calculation

4 CSR 240-20.093(1)(X): Lost revenue means the net reduction in utility retail revenue, taking into account all changes in costs and all changes in any revenues relevant to the Missouri jurisdictional revenue requirement, that occur when utility demand-side programs approved by the commission in accordance with 4 CSR 240-20.094 cause a drop in net retail kWh delivered to jurisdictional customers below the level used to set the electricity rates. Lost revenues are only those net revenues lost due to energy and demand savings from utility demand-side programs approved by the commission in accordance with 4 CSR 240-20.094 Demand-Side Programs and measured and verified through EM&V.

Inputs	Description	Value	Comments	
Case 1 No Lost Revenue	A	Weather normalized annual kWh used to set electricity rates	20,000,000,000	For 12-month reporting period
	B	Actual kWh retail sales for 12-month reporting period	20,300,000,000	Reported in utility financial reports
	C	DSM programs kWh savings for 12-month reporting period	500,000,000	Reported in EM&V
	D	DSM revenue impact for 12-month reporting period	\$ 40,000,000	Reported in EM&V
		Is B > A?	YES	
		Lost revenue = \$0	\$ -	

Inputs	Description	Value	Comments	
Case 2 Partial Lost Revenue	A	Weather normalized annual kWh used to set electricity rates	20,000,000,000	For 12-month reporting period
	B	Actual kWh retail sales for 12-month reporting period	19,700,000,000	Reported in utility financial reports
	C	DSM programs kWh savings for 12-month reporting period	500,000,000	Reported in EM&V
	D	DSM revenue impact for 12-month reporting period	\$ 40,000,000	Reported in EM&V
		Is B > A?	NO	
		Is C > A - B?	YES	
		Lost revenue = $D \cdot ((A - B) / C)$	\$ 24,000,000	

Inputs	Description	Value	Comments	
Case 3 Full Lost Revenue	A	Weather normalized annual kWh used to set electricity rates	20,000,000,000	For 12-month reporting period
	B	Actual kWh retail sales for 12-month reporting period	19,300,000,000	Reported in utility financial reports
	C	DSM programs kWh savings for 12-month reporting period	500,000,000	Reported in EM&V
	D	DSM revenue impact for 12-month reporting period	\$ 40,000,000	Reported in EM&V
		Is B > A?	NO	
		Is C > A - B?	NO	
		Lost revenue = D	\$ 40,000,000	