



Robin Carnahan
Secretary of State

FILED⁴

JUN 16 2006

**Missouri Public
Service Commission**

**Administrative Rules Division
Rulemaking Transmittal Receipt**

Rule ID: 4576
Date Printed: 6/15/2006
Rule Number: 4 CSR 240-3.161
Rulemaking Type: Proposed Rule
Date Submitted to Administrative Rules Division: 6/15/2006
Date Submitted to Joint Committee on Administrative Rules: 6/15/2006

Name of Person to Contact with questions concerning this rule:

| | | | |
|---------------------------|---------------------|------------------------------|-------------------|
| Content: Cully Dale | Phone: 573-751-4255 | Email: cully.dale@psc.mo.gov | Fax: 573-526-6010 |
| RuleDataEntry: Cully Dale | Phone: 573-751-4255 | Email: cully.dale@psc.mo.gov | Fax: 573-526-6010 |

Included with Rulemaking:

| | |
|---------------------------|-----------|
| Cover Letter | 6/15/2006 |
| Forms included | 6/15/2006 |
| Affidavit for public cost | 6/15/2006 |

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MEMORANDUM

TO: Colleen M. Dale, Secretary

DATE: June 15, 2006

RE: Authorization to File Proposed Rulemaking with the Office of Secretary of State


CASE NO: EX-2006-0472

The undersigned Commissioners hereby find necessity to propose the rules as attached and authorize the Secretary of the Missouri Public Service Commission to file the following Proposed Rulemaking with the Office of the Secretary of State:

Amendment to 4 CSR 240-3.161 – Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements




Jeff Davis, Chairman




Connie Murray, Commissioner



Steve Gaw, Commissioner



Robert M. Clayton III, Commissioner



Linward "Lin" Appling, Commissioner

Robin Carnahan
Secretary of State
Administrative Rules Division
RULE TRANSMITTAL

Administrative Rules Stamp

RECEIVED

JUN 15 2006

SECRETARY OF STATE
ADMINISTRATIVE RULES

A "SEPARATE" rule transmittal sheet **MUST** be used for EACH individual rulemaking.

- A. Rule Number 4 CSR 240-3.161
Diskette File Name SB179 Rule 3.161 and 3.161 Forms
Name of person to call with questions about this rule:
Content Cully Dale Phone 573-751-4255 FAX 573-526-6010
E-mail address cully.dale@psc.mo.gov
Data entry same as above Phone _____ FAX _____
E-mail address _____
Interagency mailing address GOB, 200 Madison St, 9th Floor, Jefferson City, MO
Statutory Authority 386.250, 393.140, 386.266 Current RSMo date 2000
Date filed with the Joint Committee on Administrative Rules June 15, 2006
- B. CHECKLIST guide for rule packets:
- | | |
|---|--|
| <input checked="" type="checkbox"/> This transmittal completed | <input checked="" type="checkbox"/> Forms, number of pages <u>5</u> |
| <input checked="" type="checkbox"/> Cover letter | <input checked="" type="checkbox"/> Authority section with history of the rule |
| <input checked="" type="checkbox"/> Affidavit | <input checked="" type="checkbox"/> Public cost statement |
| <input checked="" type="checkbox"/> Small business impact statement | <input checked="" type="checkbox"/> Private cost statement |
| <input checked="" type="checkbox"/> Fiscal notes | <input checked="" type="checkbox"/> Hearing dates (see attached) |
- C. RULEMAKING ACTION TO BE TAKEN
- ☐ Emergency rulemaking (choose one) ☐ rule, ☐ amendment, ☐ rescission, or ☐ termination
MUST include effective date _____
- ☒ Proposed Rulemaking (choose one) ☒ rule, ☐ amendment, or ☐ rescission
☐ Order of Rulemaking (choose one) ☐ rule, ☐ amendment, ☐ rescission, or ☐ termination
MUST complete page 2 of this transmittal
- ☐ Withdrawal (choose one) ☐ rule, ☐ amendment, ☐ rescission or ☐ emergency
☐ Rule action notice ☐ In addition ☐ Rule under consideration
- D. SPECIFIC INSTRUCTIONS: Any additional information you may wish to provide to our staff _____

Small Business Regulatory
Fairness Board (DED) Stamp

JCAR Stamp

JOINT COMMITTEE ON

JUN 15 2006

ADMINISTRATIVE RULES

RULE TRANSMITTAL (PAGE 2)

E. ORDER OF RULEMAKING: Rule Number _____

1a. Effective Date for the Order

☐ Statutory 30 days

Specific date _____

1b. Does the Order of Rulemaking contain changes to the rule text?

☐ YES

☐ NO

1c. If the answer is YES, please complete section F.

If the answer is NO, **STOP** here.

F. Please provide a complete list of the changes in the rule text for the order of rulemaking, indicating the specific section, subsection, paragraph, subparagraph, part, etc., where each change is found. It is especially important to identify the parts of the rule that are being deleted in this order of rulemaking. Give an explanation of each section, subsection, etc. which has been changed since the proposed rulemaking was published in the Register.

NOTE: ALL changes **MUST** be specified here in order for those changes to be made in the rule as published in the *Missouri Register* and the *Code of State Regulations*.

Add additional sheet(s), if more space is needed.

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

| | | |
|--|---|------------------------------|
| In the Matter of a Proposed Rule Regarding |) | <u>Case No. EX-2006-0472</u> |
| Electric Utility Fuel and Purchased Power |) | |
| Cost Recovery Mechanisms. |) | |

NOTICE OF FINDING OF NECESSITY

Issue Date: June 15, 2006

In its 2005 Session, the General Assembly passed SB 179, which was duly signed and made effective on January 1, 2006.

In that new law, the Commission was granted the authority to promulgate rules to implement its provisions. The Commission finds that it is necessary to propose rules 4 CSR 240-3.161 and 4 CSR 240-20.090 at this time to establish an Electric Utility Fuel and Purchased Power Cost Recovery Mechanism and implement such mechanism.

BY THE COMMISSION



Colleen M. Dale
Secretary

(SEAL)

Dated at Jefferson City, Missouri,
on this 15th day of June, 2006.

Dale, Chief Regulatory Law Judge



Commissioners

JEFF DAVIS
Chairman

CONNIE MURRAY

STEVE GAW

ROBERT M. CLAYTON III

LINWARD "LIN" APPLING

Missouri Public Service Commission

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WESS A. HENDERSON
Executive Director

DANA K. JOYCE
Director, Administration

ROBERT SCHALLENBERG
Director, Utility Services

WARREN WOOD
Director, Utility Operations

COLLEEN M. DALE
Secretary/Chief Regulatory Law Judge

KEVIN A. THOMPSON
General Counsel

June 15, 2006

Honorable Robin Carnahan
Secretary of State
Administrative Rules Division
600 West Main Street
Jefferson City, Missouri 65101

Dear Secretary Carnahan:

Re: Proposed Amendment to 4 CSR 240-20.090 , Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms

CERTIFICATION OF ADMINISTRATIVE RULE

I do hereby certify that the attached is an accurate and complete copy of the proposed amendment lawfully submitted by the Missouri Public Service Commission for filing on this 15th day of June, 2006.

Statutory Authority: Sections 386.250, 393.140 RSMo 2000, and section 386.266(RSMo 2005 Cum. Supp.).

Section 536.300 RSMo Supp. 2005 requires state agencies to "determine whether the proposed rulemaking affects small businesses and, if so, the availability and practicability of less-restrictive alternatives that could be implemented to achieve the same results of the proposed rule." A small business is defined to be "a for-profit enterprise consisting of fewer than one hundred full- or part-time employees." A proposed rule "affects" a small business if it "impose[s] any potential or actual 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." Executive Order 03-15, Section 2, requires, among other things, that state agencies determine whether a proposed rule or rules affect small businesses. If the Public Service Commission determines that its proposed rule affects small businesses by causing a "direct economic impact on small businesses of five hundred dollars (\$500) or more in the aggregate." Senate Bill No. 718 requires a similar analysis. This provision does not apply "where the rule substantially codifies existing federal or state law."

The proposed rule will not cause direct and significant economic burden on a small business, nor is it directly related to the formation, operation, or expansion of a small business. However, these rules would permit both indirect costs and benefits to be passed along more quickly than they would otherwise be. Such costs and benefits are speculative and unquantifiable. Moreover, any increased fuel and purchased power costs that are prudently incurred by an electric utility would be recovered in rates at some point in the future, and there is opportunity for reflecting a decrease in fuel and purchase power costs earlier than would otherwise be the case. These rules establish forms and procedures for use of a fuel adjustment mechanism as established by the legislature in SB 179 (2005 Session), and any such impact as may exist is the result of that newly promulgated law.

The Missouri Public Service Commission also certifies that it has conducted an analysis of whether or not there has been a taking of real property pursuant to section 536.017 RSMo 2000 and that this proposed rule does not constitute a taking of real property under relevant state and federal law.

If there are any questions, please contact: Colleen M. Dale, Secretary
Missouri Public Service Commission
200 Madison Street
P.O. Box 360
Jefferson City, MO 65102
(573) 751-4255

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', is written over a horizontal line.

Colleen M. Dale
Secretary

**Title 4 – DEPARTMENT OF ECONOMIC DEVELOPMENT
Division 240 – Public Service Commission
Chapter 3 – Filing and Reporting Requirements**

PROPOSED RULE

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

PURPOSE: This rule sets forth 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, the following terms mean:

(A) Fuel and purchased power costs means prudently incurred and used fuel and purchased power costs, including transportation costs. 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:

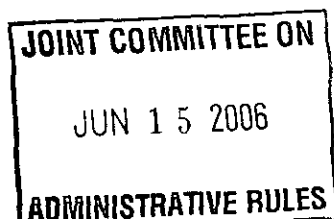
A. The prudently incurred fuel and purchased power costs necessary to serve the electric utility's Missouri retail customers; and,

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.

(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 fuel adjustment clause or interim energy charge.

(F) Staff means the staff of the public service commission.

(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 (12th) 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.

(2) 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 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(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 RAM shall be trued-up to reflect over- or under-collections 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 designed in the proposed RAM;

(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) 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;

(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 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

(S) Authorization for the commission staff to release the previous five (5) years of historical surveillance reports submitted to the commission staff by the electric utility to all parties to the case.

(3) 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 parties, as provided in sections (9) through (11) in this rule the following supporting information 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) If the electric utility proposes to change the identification of the 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 RAM shall be trued-up to reflect over- or under-collections 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;

(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) differs from responses to subsections (B) through (N) for the currently approved RAM; and,

(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(3) in which it requests that its RAM be discontinued, the electric utility shall file with the commission and serve parties as provided in sections (9) through (11) in this rule, the following supporting information 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)(D);

(B) A complete explanation of how the over-collection or under-collections of the RAM that the electric utility is proposing to discontinue shall be handled;

(C) A complete 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 complete explanation of any change in business risk to the electric utility resulting from discontinuation of the adjustment mechanism in setting the electric utility's allowed return, 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 commission to be provided.

(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 through the commission's electronic filing and information system (EFIS). The following information shall be aggregated by month and supplied no later than sixty (60) days after the end of the month being reported on when the RAM is in effect. The first submission shall be made within sixty (60) days after the end of the first complete month after the RAM goes into effect. It shall contain, at a minimum:

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

(B) The revenues billed through the electric utility's base rate allowance by rate class and voltage level;

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

(D) All significant factors that have affected the level of RAM revenues and fuel and purchased power expenses along with workpapers documenting 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-system megawatt-hour sales;

(I) Megawatt-hours generated, fuel consumption and expense, and heat rates by generating facility;

(J) Megawatt-hours purchased with firm and non-firm purchases separately stated;

(K) Prices of fuel purchased by fuel type breaking out freight and transportation prices;

(L) The electric utility's monthly fuel report. If the electric utility proposes to change the contents or name of the fuel reports, staff, OPC and others that receive the information will be contacted thirty (30) 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 are identified as:

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 SB179 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 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) parts to the electric utility Surveillance-Monitoring Report. Each part, except Part one (1), Rate Base Quantifications, shall contain information for the last twelve (12) month period and the last quarter data for total company electric operations and Missouri jurisdictional operations. Page one, Rate Base Quantifications shall contain only information for the ending date of the period being reported. The form of the Surveillance Monitoring Report is included herein.

1. Rate Base Quantifications Report. The quantification of rate base items on page one shall be consistent with the methods or procedures used in the most recent rate proceeding unless otherwise specified. The report shall consist of specific rate base quantifications of:

- A. Plant in service;
- B. Reserve for depreciation;
- C. Materials & 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;
K. Any other item included in the utility's rate base in the most recent rate proceeding.

L. Net Operating Income from page three; and

M. Calculation of the overall return on rate base.

2. Capitalization Quantifications Report. Page two shall consist of specific capitalization quantifications of:

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. Income Statement. Page three shall consist of an income statement containing specific quantification of:

A. Operating revenues to include sales to industrial, commercial and residential customers, sales for resale and other components of total operating revenues;

B. Operating & maintenance expenses for fuel expense, production expenses, purchased power energy and capacity;

C. Transmission expenses;

D. Distribution expenses;

E. Customer accounts expenses;

F. Customer service and information expenses;

G. Sales expenses;

H. Administrative and general expenses;

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, actual and normal;

4. Jurisdictional Allocation Factor Report. Page four shall consist of a listing of jurisdictional allocation factors for the rate base, capitalization quantification reports and income statement.

5. Financial Data Notes. Page five shall consist of notes to 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 variances between current twelve (12) month period and prior twelve (12) month period revenue;

D. Expense level of items ordered by the commission to be tracked pursuant to the order establishing the RAM;

E. Budgeted capital projects; and,

F. Events that materially affect debt or equity surveillance components.

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

(C) The electric utility shall annually submit its approved budget, in electronic form, based upon its budget year in a format similar to Surveillance Monitoring Report. The budget submission shall provide a quarterly and annual quantification of the electric utility's income statement. The budget shall be submitted within thirty (30) days of its approval 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 highly confidential.

(7) When an electric utility files tariff schedules to adjust an FAC rate as described in 4 CSR 240-20.090(4) with the commission, and served upon parties as provided in sections (9) through (11) in this rule, the tariff schedule must be accompanied by supporting testimony, and at least the following supporting information:

- (A) The following information shall be included with the filing:
 - 1. For the period from which historical costs are used to adjust the FAC rate:
 - A. Energy sales in kilowatt-hours by rate class and voltage level;
 - B. Fuel costs by fuel type and generating facility by fuel type included in fuel and purchased power costs in the FAC rate and the base rates; and
 - C. Purchased power costs included in fuel and purchased power costs with costs differentiated by:
 - (1) Short-term and long-term purchased power contracts, where long-term is defined as contracts with terms greater than one (1) year;
 - (2) On-peak and off-peak costs; and
 - (3) Demand and energy costs, separately stated;
 - D. Market purchased megawatt-hours and costs included in fuel and purchased power costs;
 - E. Revenues from, expenses associated with and megawatt-hours from off-system sales;
 - F. Extraordinary costs not to be passed through, 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. Any additional requirements ordered by the commission.
 - 2. Calculation of the proposed FAC collection rates;
 - 3. Calculations supporting the voltage differentiation of the FAC collection rates, if any, to account for differences in line losses by voltage level of service; and
 - 4. Calculations underlying any seasonal variation in the FAC collection rates.
- (B) Workpapers supporting all items in subsection (A) shall be submitted to the commission, and served upon parties as provided in sections (9) through (11) in this rule. This submittal to the commission may be made through EFIS.

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

- (A) File the following information with the commission and serve upon parties as provided in sections (9) through (11) in this rule:

1. Amount of costs that it has over-collected or under-collected through the RAM by rate class and voltage level;

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

3. Electric utility's short-term borrowing rate; and

4. Any additional information ordered by the commission.

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

1. 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;

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 submitted to the Manager of the Auditing Department of the commission and to OPC in sections (3) through (8) shall also be, in the same format, served on or submitted to any party to the related general rate proceeding in which the RAM was approved by the commission, periodic rate adjustment proceeding, annual true-up, 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.

(10) Party status and providing to other parties affidavits, testimony, information, reports and workpapers in related proceedings subsequent to 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, shall be a party to any subsequent related periodic rate adjustment proceeding, annual true-up, prudence review, or general rate case to modify, extend or discontinue the same RAM, without the necessity of applying to the commission for intervention. Affidavits, testimony, information, reports, and workpapers to be filed or submitted in connection with a subsequent related periodic rate adjustment proceeding, annual true-up, prudence review, or general rate case to modify, extend or discontinue the same RAM shall be 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 case to modify, extend or discontinue the same RAM, concurrently with filing 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 order, unless the commission's protective order specifically provides otherwise relating to these materials.

(B) A person or entity not a party to the general rate proceeding in which 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 general rate case to modify, extend or discontinue the same RAM. If no party to a subsequent periodic rate adjustment proceeding, annual true-up, or prudence review, objects within ten (10) days of the filing of an application for intervention, the applicant shall be deemed as having 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 discovery.

(A) In each general rate proceeding where the commission may approve, modify, or reject a RAM, and each general rate case where the commission may authorize the modification, extension, or discontinuance of a RAM, the electric utility or 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 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 prior proceeding, subject to a ruling by the commission concerning any evidentiary objection made in the subsequent proceeding.

(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 which clearly identifies the particular data requests to be supplemented or updated and the particular period to be covered by the updated response. A responding party to a request to supplement or update 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 responding party has learned or subsequently learns is in some material respect incomplete or incorrect.

(13) Separate cases 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 proceeding where the commission may approve, modify, or reject a 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 good cause shown.

AUTHORITY: sections 386.250 and 393.140, RSMo 2000, and section 386.266, SB179, effective January 1, 2006.

PUBLIC COST: This proposed rule will not cost state agencies or political subdivisions more than \$500 in the aggregate.

PRIVATE COST: This proposed rule may or may not cost private entities more than \$500 in the aggregate. Please see the attached fiscal note.

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, Colleen M. Dale, Secretary of the Commission, PO Box 360, Jefferson City, MO 65102. To be considered, comments must be received at the Commission's offices on or before September 7, 2006, and should include a reference to Commission Case No. EX-2006-0472. If comments are submitted via a paper filing, a single copy is required. 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>>. Public hearings regarding this proposed rule are scheduled for August 22, 2006, 11-3p.m., Kansas City Missouri Library, Helzberg Auditorium, 14 W. 10th Street, Kansas City, Missouri; August 23, 2006, 12-3p.m., Eric P. Newman Education Center, Seminar Room A, 660 S. Euclid Ave, St. Louis, Missouri; August 23, 2006, 6:30-10 p.m., St. Louis County Library, 8400 Delport Dr., Overland, Missouri; August 29, 2006, Southeast Missouri University, 6:30-10:00p.m., John Glenn Auditorium, Dempster Hall, Corner of Henderson and New Madrid, Cape Girardeau, Missouri; September 6, 2006, 6:30-10p.m., Missouri Southern State University, Webster Hall, 3950 E. Newman Road, Joplin, Missouri; and for September 7, 2006, at 10:00 a.m. in Room 310 of the Governor Office Building, 200 Madison Street, 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 or TDD Hotline 1-800-829-7541.

Electric Company
12 Months Ended _____
Per Books
(IN THOUSANDS OF DOLLARS)
FINANCIAL SURVEILLANCE MONITORING REPORT
RATE BASE AND RATE OF RETURN

| | | <u>12 Months Ended</u> |
|---------------------------------------|--|----------------------------|
| <u>Total Company Rate Base</u> | <u>Measurement Basis</u> | |
| Plant in Service | | |
| Intangible | End of Period | xxx,xxx |
| Production - Steam | End of Period | xxx,xxx |
| Production - Nuclear | End of Period | xxx,xxx |
| Production - Hydraulic | End of Period | xxx,xxx |
| Production - Other | End of Period | xxx,xxx |
| Transmission | End of Period | xxx,xxx |
| Distribution | End of Period | xxx,xxx |
| General | End of Period | xxx,xxx |
| Total Plant in Service | | \$ x,xxx,xxx |
| Reserve for Depreciation | | |
| Intangible | End of Period | xxx,xxx |
| Production - Steam | End of Period | xxx,xxx |
| Production - Nuclear | End of Period | xxx,xxx |
| Production - Hydraulic | End of Period | xxx,xxx |
| Production - Other | End of Period | xxx,xxx |
| Transmission | End of Period | xxx,xxx |
| Distribution | End of Period | xxx,xxx |
| General | End of Period | xxx,xxx |
| Total Reserve for Depreciation | | x,xxx,xxx |
| Net Plant | | x,xxx,xxx |
| Add: | | |
| Materials & Supplies | 13 Mo. Avg. | x,xxx,xxx |
| Cash | (from prior rate case including offsets) | x,xxx,xxx |
| Fuel Inventory | 13 Mo. Avg. | x,xxx,xxx |
| Prepayments | 13 Mo. Avg. | x,xxx,xxx |
| Other Regulatory Assets | End of Period | x,xxx,xxx |
| Less: | | |
| Customer Advances | 13 Mo. Avg. | x,xxx,xxx |
| Customer Deposits | 13 Mo. Avg. | x,xxx,xxx |
| Accumulated Deferred Income Taxes | End of Period | x,xxx,xxx |
| Other Regulatory Liabilities | End of Period | x,xxx,xxx |
| Other Items from Prior Rate Case | Per rate case method | x,xxx,xxx |
| (A) Total Rate Base | | \$ x,xxx,xxx |
| (B) Net Operating Income | | \$ x,xxx,xxx |
| (C) Return on Rate Base [(B) / (A)] | | x.xx% |

Electric Company
12 Months Ended _____
Per Books
(IN THOUSANDS OF DOLLARS)
FINANCIAL SURVEILLANCE MONITORING REPORT
CAPITAL STRUCTURE AND RATE OF RETURN

Overall Cost of Capital

| | <u>Amount</u> | <u>Percent</u> | <u>Cost</u> | | <u>Weighted Cost</u> |
|---|---------------------|----------------|--------------|----------|----------------------|
| Long-Term Debt | \$ x,xxx,xxx e | x.xx% | x.xx% | f | x.xx% |
| Short-Term Debt | x,xxx,xxx e | x.xx% | x.xx% | f | x.xx% |
| Preferred Stock | x,xxx,xxx e | x.xx% | x.xx% | f | x.xx% |
| Other | d x,xxx,xxx e | x.xx% | x.xx% | f | x.xx% |
| Common Equity | <u>x,xxx,xxx e</u> | <u>x.xx%</u> | <u>x.xx%</u> | <u>a</u> | <u>x.xx%</u> |
| Total Overall Cost of Capital based on Rate Case Rate of Return on Equity | <u>\$ x,xxx,xxx</u> | <u>100.00%</u> | | | x.xx% |

Actual Earned Return on Equity

| | <u>Amount</u> | <u>Percent</u> | <u>Cost</u> | | <u>Weighted Cost</u> |
|--|---------------------|----------------|--------------|----------|----------------------|
| Long-Term Debt | \$ x,xxx,xxx e | x.xx% | x.xx% | f | x.xx% |
| Short-Term Debt | x,xxx,xxx e | x.xx% | x.xx% | f | x.xx% |
| Preferred Stock | x,xxx,xxx e | x.xx% | x.xx% | f | x.xx% |
| Other | d x,xxx,xxx e | x.xx% | x.xx% | f | x.xx% |
| Common Equity | <u>x,xxx,xxx e</u> | <u>x.xx%</u> | <u>x.xx%</u> | <u>c</u> | <u>x.xx%</u> |
| Total Overall Cost of Capital with Actual Return on Equity | <u>\$ x,xxx,xxx</u> | <u>100.00%</u> | | | x.xx% b |

- a From last general rate case, Report & Order.
b From actual Return on Rate Base, page 1 "Rate Base"
c Calculated after actual Return on Rate Base, per footnote B, is determined
d Other capital structure components from last general rate case, Report & Order
e Actual balance at end of period
f Actual average cost at end of period

Note Additional breakdown may be added per Report & Order authorizing a recovery clause under 4 CSR 240-20

Electric Company
Quarter Ended and 12 Months Ended _____
Per Books
(IN THOUSANDS OF DOLLARS)
FINANCIAL SURVEILLANCE MONITORING REPORT
OPERATING INCOME STATEMENT

| | Quarter Ended Actual | 12 Months Ended Actual |
|---|-------------------------|---------------------------|
| Operating Revenues | | |
| Sales to Residential, Commercial, & Industrial Customers | | |
| Residential | \$ x,xxx,xxx | \$ x,xxx,xxx |
| Commercial | x,xxx,xxx | x,xxx,xxx |
| Industrial | x,xxx,xxx | x,xxx,xxx |
| Total of Sales to Residential, Commercial, & Industrial Customers | \$ x,xxx,xxx | \$ x,xxx,xxx |
| Other Sales to Ultimate customers | x,xxx,xxx | x,xxx,xxx |
| Sales for Resale | | |
| Off-System Sales | x,xxx,xxx | x,xxx,xxx |
| Other Sales for Resale | x,xxx,xxx | x,xxx,xxx |
| Provision for Refunds | x,xxx,xxx | x,xxx,xxx |
| Other Operating Revenues | x,xxx,xxx | x,xxx,xxx |
| Operating Revenues | <u>\$ x,xxx,xxx</u> | <u>\$ x,xxx,xxx</u> |
| Operating & Maintenance Expenses: | | |
| Production Expenses: | | |
| Fuel Expense | | |
| Native Load | x,xxx,xxx | x,xxx,xxx |
| Off-System Sales | x,xxx,xxx | x,xxx,xxx |
| Other Production-Operations | x,xxx,xxx | x,xxx,xxx |
| Other Production-Maintenance | x,xxx,xxx | x,xxx,xxx |
| Purchased Power-Energy | | |
| Native Load | x,xxx,xxx | x,xxx,xxx |
| Off-System Sales | x,xxx,xxx | x,xxx,xxx |
| Purchased Power-Capacity | x,xxx,xxx | x,xxx,xxx |
| Total Production Expenses | <u>x,xxx,xxx</u> | <u>x,xxx,xxx</u> |
| Transmission Expenses | x,xxx,xxx | x,xxx,xxx |
| Distribution Expenses | x,xxx,xxx | x,xxx,xxx |
| Customer Accounts Expense | x,xxx,xxx | x,xxx,xxx |
| Customer Serve. & Info. Expenses | x,xxx,xxx | x,xxx,xxx |
| Sales Expenses | x,xxx,xxx | x,xxx,xxx |
| Administrative & General Expenses | x,xxx,xxx | x,xxx,xxx |
| Total Operating & Maintenance Expenses | <u>\$ x,xxx,xxx</u> | <u>\$ x,xxx,xxx</u> |
| Depreciation & Amortization Expense | | |
| Depreciation Expense | x,xxx,xxx | x,xxx,xxx |
| Amortization Expense | x,xxx,xxx | x,xxx,xxx |
| Decommissioning Expense | x,xxx,xxx | x,xxx,xxx |
| Other | x,xxx,xxx | x,xxx,xxx |
| Total Depreciation & Amortization Expense | <u>x,xxx,xxx</u> | <u>x,xxx,xxx</u> |
| Taxes Other than Income Taxes: | <u>xxx,xxx</u> | <u>xxx,xxx</u> |
| Operating Income Before Income Tax | x,xxx,xxx | x,xxx,xxx |
| Income Taxes | <u>xxx,xxx</u> | <u>xxx,xxx</u> |
| Net Operating Income | <u>\$ x,xxx,xxx</u> | <u>\$ x,xxx,xxx</u> |
| Actual Cooling Degree Days | <u>x,xxx</u> | <u>x,xxx</u> |
| Normal Cooling Degree Days | <u>x,xxx</u> | <u>x,xxx</u> |
| Actual Heating Degree Days | <u>x,xxx</u> | <u>x,xxx</u> |
| Normal Heating Degree Days | <u>x,xxx</u> | <u>x,xxx</u> |

Electric Company
12 Months Ended _____
FINANCIAL SURVEILLANCE MONITORING REPORT
Missouri Jurisdictional Allocation Factors

| <u>Description</u> | <u>Allocation Factor</u> |
|-----------------------------------|--------------------------|
| Plant in Service | |
| Intangible | |
| Production - Steam | |
| Production - Nuclear | |
| Production - Hydraulic | |
| Production - Other | |
| Transmission | |
| Distribution | |
| General | |
| Depreciation Reserve | |
| Intangible | |
| Production - Steam | |
| Production - Nuclear | |
| Production - Hydraulic | |
| Production - Other | |
| Transmission | |
| Distribution | |
| General | |
| Net Plant | |
| Materials & Supplies | |
| Cash Working Capital | per rate case |
| Fuel Inventory | |
| Prepayments | |
| Other Regulatory Assets | Jurisdictional Specific |
| Customer Advances | |
| Customer Deposits | |
| Accumulated Deferred Income Taxes | |
| Other Regulatory Liabilities | Jurisdictional Specific |
| Other Items from Prior Rate Case | |
| Operating Revenues | |
| Interchange Revenues | |
| Production Expenses: | |
| Fuel Expense | |
| Native Load | |
| Off-System Sales | |
| Other Production-Operations | |
| Other Production-Maintenance | |
| Purchased Power-Energy | |
| Native Load | |
| Off-System Sales | |
| Purchased Power-Capacity | |
| Total Production Expenses | |
| Transmission Expenses | |
| Distribution Expenses | |
| Customer Accounts Expense | |
| Customer Serve. & Info. Expenses | |
| Sales Expenses | |
| Administrative & General Expenses | |
| Depreciation Expense | |
| Depreciation Expense | |
| Amortization Expense | |
| Decommissioning Expense | |
| Taxes, Other than Income | |
| Income Taxes | |
| Other Items | |
| XXXX | |
| XXXX | |
| XXXX | |

Note Additional breakdown may be added per Report & Order
 authorizing a recovery clause under 4 CSR 240-20

Electric Company
Quarter Ended and 12 Months Ended _____
Per Books
FINANCIAL SURVEILLANCE MONITORING REPORT

NOTES TO FINANCIAL SURVEILLANCE REPORT

FISCAL NOTE

PRIVATE COST

I. RULE NUMBER

| | |
|----------------------|---|
| Rule Number and Name | 4 CSR 240-3.161 |
| Type of Rulemaking: | Forms for Electric Companies who choose to implement a fuel adjustment clause |

II. SUMMARY OF FISCAL IMPACT

| Estimate of the number of entities by class which would likely be affected by the adoption of the proposed rule: | Classification by types of the business entities which would likely be affected: | Estimate in the aggregate as to the cost of compliance with the rule by the affected entities: |
|--|--|--|
| 4 | Regulated Electric Companies | \$111,000/year ; or \$0 (net)*, or \$0 as use of rule is voluntary |
| Customers of Investor Owned Electric Companies | Electric Ratepayers | \$0 (net) |
| | | |

III. WORKSHEET

The companies who responded estimated that the cost of compliance with chapter 20 fuel adjustment clause provisions, if all four utilities chose to seek this regulatory treatment of fuel and purchased power cost, would be approximately \$111,000/year. However, as AmerenUE noted (and two of the remaining three companies concurred), "AmerenUE believes that these costs will be more than offset by the benefits provided by the FAC rules, including the fact that workable FAC rules will make rate cases less frequent than they would otherwise be." Finally §536.205 requires that a fiscal note be attached when "the adoption, amendment or rescission of the rule would **require** an expenditure of money." Nothing in this proposed rule requires the companies to incur any expense or forgo any income, as participation in the program established by this rule is entirely voluntary for the companies.

As to consumers, including large industrial users and individual residences, these rules may increase or decrease electric rates. These rules may permit both indirect costs and benefits to be passed along more quickly than they would otherwise be. Such costs and benefits are speculative and unquantifiable. Moreover, any increased fuel and purchased power costs that are prudently incurred by an electric utility would be recovered in rates at some point in the future, and there is opportunity for reflecting a decrease in fuel and purchase power costs earlier than would otherwise be the case.

IV. ASSUMPTIONS

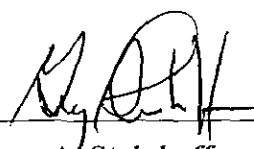
The process is voluntary for the electric companies. It is assumed that they would not incur the cost of compliance with the rule without a reasonable expectation that the monetary benefits will exceed the costs.

The rules implement changes made by the legislature to the statute, which was amended to allow fuel adjustment mechanisms. This rule does not appear to alter the rate charges by more than \$500 in the aggregate.

AFFIDAVIT

STATE OF MISSOURI)
)
COUNTY OF COLE)

I, Gregory A. Steinhoff, Director of the Department of Economic Development, first being duly sworn on my oath state that it is my opinion that the cost of the Proposed Rule 4 CSR 240-3.161 is less than five hundred dollars in the aggregate to this agency, and any other agency of state government or any political subdivision thereof.



Gregory A. Steinhoff
Director
Department of Economic Development

Subscribed and sworn to before me this 14th day of June, 2006,

I am commissioned as a notary public within the County of Cole

State of Missouri, and my commission expires on February 1, 2008



NOTARY PUBLIC

Laura L. Hoskins
Notary Public Notary Seal
State of Missouri
County of Cole
My Commission Expires 02/01/08



Commissioners

JEFF DAVIS
Chairman

CONNIE MURRAY

STEVE GAW

ROBERT M. CLAYTON III

LINWARD "LIN" APPLING

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
<http://www.psc.mo.gov>

WESS A. HENDERSON
Executive Director

DANA K. JOYCE
Director, Administration

ROBERT SCHALLENBERG
Director, Utility Services

WARREN WOOD
Director, Utility Operations

COLLEEN M. DALE
Secretary/Chief Regulatory Law Judge

KEVIN A. THOMPSON
General Counsel

June 15, 2006

Cindy Kadlec
Director
Joint Committee on Administrative Rules
State Capitol, Room B-8
Jefferson City, Missouri 65101

Re: Proposed Rules 4 CSR 240-3.161 Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements and 4 CSR 240-20.090 Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms

Dear Ms. Kadlec:

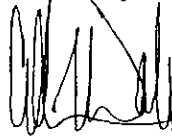
Executive Order 03-15, Section 2, requires, among other things, that state agencies determine whether a proposed rule or rules affect small businesses. If the Public Service Commission determines that its proposed rule affects small businesses by causing a "direct economic impact on small businesses of five hundred dollars (\$500) or more in the aggregate." Senate Bill No. 718 requires a similar analysis. This provision does not apply "where the rule substantially codifies existing federal or state law."

In consultation with the staff of the Public Service Commission, I have undertaken an analysis of whether the proposed rule affects small businesses. I have determined that the proposed rule will not cause direct and significant economic burden on a small business, nor is it directly related to the formation, operation, or expansion of a small business. However, these rules would permit both indirect costs and benefits to be passed along more quickly than they would otherwise be. Such costs and benefits are speculative and unquantifiable. Moreover, any increased fuel and purchased power costs that are prudently incurred by an electric utility would be recovered in rates at some point in the future, and there is opportunity for reflecting a decrease in fuel and purchase power costs earlier than would otherwise be the case. These rules establish forms and procedures for use of a fuel adjustment

mechanism as established by the legislature in SB 179 (2005 Session), and any such impact as may exist is the result of that newly promulgated law.

Please let me know if you have any questions based upon the foregoing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale

Secretary

(573) 751-4255 Telephone

cully.dale@psc.mo.gov