# BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of a Working Case to	)	
Consider Policies to Improve	)	File No. EW-2016-0313
Electric Utility Regulation		

## RESPONSE COMMENTS OF THE MISSOURI ENERGY DEVELOPMENT ASSOCIATION

COMES NOW the Missouri Energy Development Association ("MEDA"), and on behalf of itself and its electric members <sup>1</sup> submits the following response comments.

By Notice of Clarification dated June 9, 2016, the Commission invited responses to comments filed on July 8, 2016 concerning policies to improve electric utility regulation. MEDA would like to thank Chairman Hall and the Commission once again for their initiative to consider alternatives to the current regulatory practices in Missouri. Fifteen interested stakeholder organizations and numerous individual stakeholders filed predominately positive comments last month regarding acknowledgement of a regulatory problem(s) and offered potential solutions with established reasoning. The research that is provided in nearly 90% of the comments is ripe for consideration and should lead to a well-deserved and constructive discourse on September 13<sup>th</sup>.

#### **General Response Comments**

MEDA and its members' comments on policies to improve electric utility regulation in Missouri are generally in alignment with a majority of the stakeholder organizations that have so far engaged in the working case process. Acknowledgement of, and thoughtful examination on, the following utility regulation problems/solutions present a common thread for examination in the August 17 workshop:

- Problems
  - o 100 Year-Old Regulatory Framework/Regulatory Lag
  - o Need to Replace Aging Infrastructure
  - o Slow-to-No Load Growth
  - o Access to Capital/Proper Recovery of Return on Investment/Non-Revenue Generating Capital Expenditures
  - o Evolving Technology/Need for Grid Modernization
  - o Increasing Customer Expectations
  - o Environmental Compliance Mandates
  - o Affordability, Physical and Cyber-Security, Reliability
  - Energy Efficiency Programs, Distributed Generation, Renewable Energy Standards
- Solutions

o Revenue Stabilization/Decoupling

Twenty-six states (including the District of Columbia) have a general decoupling true-up mechanism for electric companies, thirty states (including Missouri) have this mechanism for gas companies, while 5 states have it for water companies. (The Brattle Group and NAWC, 2013)

<sup>&</sup>lt;sup>1</sup> MEDA's electric member companies consist of Union Electric Company, d/b/a Ameren Missouri, Kansas City Power & Light Company, and The Empire District Electric Company.

- Three states have a Fixed Variable Rate Design for electric companies, while ten states (including Missouri), have such a mechanism for gas companies. (The Brattle Group and NAWC, 2013)
- o Forward Test Years
  - Fifteen states allow the use of a Future Test Year for electric and gas companies and seventeen states allow the use of a Hybrid or Transitional Future Test Year for electric and gas companies. While Missouri unfortunately does not allow the use of a Future Test Year for water companies, nineteen other states, including neighbors like Illinois, Arkansas, Kansas, and Nebraska, allow the use of this valuable mechanism. (The Brattle Group and NAWC, 2013)
- o Interim Rates Subject to Refund
- o Targeted Forecasts, Riders or Trackers
  - Transmission fees paid to regional transmission organizations;
  - Property taxes; and
  - Critical infrastructure protection and cyber-security efforts.
- o A Version of Performance-Based Rates
  - Consumer Protections;
  - Affordability, Physical and Cyber-Security, Reliability;
  - PSC Oversight Authority and Retention;
  - Infrastructure Plans;
  - Performance Incentives;
  - Energy Efficiency; and
  - Renewable Resource Development and Distribution.

#### Conclusion

Once again, MEDA and its members stand ready to engage in a positive discussion around how to improve Missouri's regulatory environment. We believe that we continue to bring constructive and balanced proposals to the table and we look forward to meaningful dialogue with stakeholders to find a solution(s) beginning on September 13<sup>th</sup>.

On behalf of MEDA I would like to thank you again for the opportunity to provide response comments and please don't hesitate to contact me if you have any questions or need further information.

Respectfully submitted,

/s/ Trey Davis

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### **Works Cited**

The Brattle Group and NAWC. (2014, December 12). *Alternative Regulation and Ratemaking Approaches for Water Companies*. Retrieved from www.basecamp.com: https://basecamp.com/2762315/projects/7475791/attachments