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**Sent:** Tuesday, August 11, 2015 3:51 PM

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**Subject:** EW-2011-0139

Natelle:

Ameren Missouri and KCP&L/KCP&L-GMO (the Companies) have done some work together in an attempt to address the reporting provisions in the Ch. 3 rule (subsection (5) and subsection (8)). Particularly given the evolution of Day 2 and Day 3 Markets, this is not a simple task, and we are not sure that starting with the existing rule, which is now 9 years old, and trying to modify it, is necessarily the best way to get to reporting provisions that make the most sense for everyone involved (this is not intended as a criticism; just an observation as we've begun working through these issues). However, since at this point that is what Staff has put out there we have endeavored to provide some useful comments. In some cases we are seeking more information/discussion on what Staff believes is needed, and why; in others, we have some disagreement with what the Staff has drafted.

The Companies intend to continue to work to try to come up with a comprehensive proposal in these areas. Candidly, the time-frame for these workshops (at least thus far) is quite compressed, particularly considering the length and complexity of the rules and the other demands, which I know Staff can appreciate. Because of that, the Companies' work in these areas is not complete, but hopefully our discussions Thursday can aid in that effort.

Attached are three documents. The first are narrative comments on the reporting/FAR adjustment provisions from Staff's proposal. The second and third are the Companies' previously-submitted mark-up of the Staff's draft rules – we accepted our previous changes and then tracked against them – these additional changes are intended to reflect two things. First, to tie-up a couple of loose-ends from the last workshop. Two, to dovetail with the narrative comments in the first document.

We look forward to discussing with you on Thursday.

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## BACKGROUND

During 2015, the Missouri Public Service Commission Staff ("Staff") circulated some possible modifications to 3.161(5) – Monthly Reports and 3.161(9)(B) –Periodic Change to Fuel Adjustment Rates (collectively "Periodic Reporting"). As part of the ongoing workshops, Ameren Missouri and Kansas City Power and Light and KCP&L-GMO ("Companies"), have considered Staff's proposed changes and desire to jointly provide these preliminary comments, which the Companies will be prepared to discuss at the next workshop to be held August 13, 2015. Although the Companies are providing responses to these portions of the Staff draft, the Companies desire to gain a better understanding of the basis and use of much of the information that is already being provided, and of the additional information the Staff's draft contemplates. The Companies also desire to discuss the frequency of reporting and whether monthly reporting is appropriate for some or all of the information that ultimately is to be reported. Consequently, while the Companies are providing preliminary comments now the Companies may make alternative reporting proposals, either as part of this workshop process or later, if a formal rulemaking proceeds. These comments should not be taken as a consensus on the Companies' part that the Staff's draft reporting provisions, even if the below comments were fully accounted for, are the appropriate reporting provisions.

## PRELIMINARY RESPONSES

The following are the Companies' responses to current Periodic Reporting rules and Staff's modifications thereto. Parenthetical references are made in accordance with the Staff's marked-up version of the rules (which may not correspond to current reporting references).

### Monthly Reports

(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) and to the Office of the Public Counsel (OPC) and to other parties. Each monthly 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 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 reported 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. Each monthly report shall contain the following information:

**There should not be a need to both submit reports in EFIS and separately send to OPC and others who are considered parties under the FAC rules. EFIS should be set up such that those who are automatic parties to FAC cases arising out of an approved FAC can access the reports.**

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

**Recommend removing this Periodic Reporting requirement. This information is provided in True-Up filings when the amount billed under FAR filings is relevant to customer adjustments (when the actual amount differs from anticipated amounts).**

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

**Recommend removing this Periodic Reporting requirement. Total revenues billed under base rates have no clear connection to the operation of a FAC.**

(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;

**The Companies agree that a summary of actual costs and revenues is needed by stakeholders. However, the Companies do not understand why this information is reported by rate class. Also, the meaning of "commission approved allocation methods" is unclear.**

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

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

**The requirement to describe significant factor(s) influencing the level of FAC revenues and expenses is currently provided for in FAR requirements. Why is there a need to periodically report these apart from the FAR filings?**

(G) Calendar month off-system megawatt-hours sold;

**The Companies are supportive of providing this information in conjunction with total revenues each FAR accumulation period.**

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

**"By generating unit" should not be added. Some of this information (e.g., fuel consumption; fuel expense) is not maintained at the generating unit level, and it appears to have no direct relevance to the calculation of FAR adjustments or true-ups. Actual heat rate testing data is also supplied each time an FAC is requested or continued.**

(I) Calendar month megawatt-hours purchased, stating firm and non-firm purchases separately;

**The Companies are supportive of providing purchased-power volumes each FAR accumulation period. However, what is the purpose of differentiating between firm and non-firm purchases? This seems to have originated in pre-ISO markets and may have unnecessarily persisted.**

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

**The Companies do not object to this type of reporting as part of FAR filing requirements.**

[New] (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 subaccount number;
3. Actual fuel handling labor costs;

**The Companies object to providing budgeted information on these items as budgets do not factor into base or FAR rates and are therefore irrelevant to the operation of the FAC. Additionally, costs and revenues may**

**not be budgeted at the level of granularity requested. FAC reporting should be focused on what occurred in the relevant reporting period.**

**In addition, FAC reporting should not apply to costs or revenues not included in an FAC (e.g., fuel handling costs).**

**Reporting by “subaccount” is also inappropriate insofar as there is no uniform definition of that term and various subaccounts (minors) or other accounting codes a utility may choose (but is not required) to set-up or maintain necessarily vary from company to company.**

(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;

**“By generating unit” should not be added. Some of this information (e.g., fuel burned; fuel cost) is not maintained at the generating unit level, and it has no direct relevance to the calculation of FAR adjustments or true-ups. Also, if item 2 is provided there is no need for item 1.**

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

**The Companies are open to discussing relevant information to enable FAR reviewers to understand the FAR adjustments, but do not agree that this particular requirement is appropriate. Consistent with other comments, any requirement for a “detailed” description should instead be for a “reasonably detailed” description.**

(N) Total fuel cost;

**The Companies are supportive of providing this information for each FAR accumulation period. Also, the Companies recommend that additional clarity be added to this rule to clarify that Periodic Reporting should focus only on costs for which FAR recovery is sought.**

(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;

[New] (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;

[New] (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;

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

[New] (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;

**See prior comments submitted June 23, 2015 regarding Staff version of 20.090(4), which already addresses contract availability. The same approach should be applied to hedging policies and the policies relating to RTOs specified in (R) and (S).**

(T) The electric utility's monthly 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

**The Companies are supportive of providing this information for each FAR accumulation period.**

(U) Any additional information that the commission has ordered the electric utility to provide in its monthly reports.

**The Companies have no objection to this rule.**

### **Periodic Change to Fuel Adjustment Rates (FAR)**

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

1.

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

**The Companies have no objection to this reporting requirement provided that clarity is offered that the generating facility (plant) is the unit of measurement as opposed to individual "units" within a facility.**

C. The actual purchased power costs of the types of purchased power costs designated in the electric utility's FAC, differentiated by:

- (I) Short-term and long-term purchased power;
- (II) On-peak and off-peak costs; and
- (III) Demand costs and energy costs, separately stated;

[New] D. The megawatt-hours and costs of purchased power 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;

**The term "spot market purchased power" has no meaning in the world of RTO markets. Also, there is no apparent reason to distinguish between short- and long-term purchased power. Moreover, these requirements appear to relate to prudency reviews. Additional information could be provided in such reviews, and the Companies would note that detailed information concerning purchased power costs is already provided via existing reporting requirements under 4 CSR 240-3.190.**

E. Revenues, expenses, and megawatt-hours of off-system sales;

**Purchased power (whether it could be allocated to load or off-system sales) and off-system sales revenues are all FAR items. Given modern electric utility operations and the markets in which utilities operate, there does not appear to be any purpose in creating distinctions between (i.e., between load and off-system sales) recoverable net costs when there is not common practice (or rule) regarding how costs should be allocated between categories (i.e. native load and off-system sales). Given the nature of RTO markets, purchased**

**power costs and off-system sales revenues be reported in accordance with FERC and GAAP rules each FAR reporting period without further differentiation.**

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

**The Companies do not object to this reporting requirement to the extent to which it is limited to those costs/revenues includable in the FAR.**

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;

**The Companies interpret this rule to require disclosure of costs for which the company is not seeking recovery as part of a FAR filing. Accordingly, they object to such reporting as part of FAR filing requirements.**

H. Net base energy costs collected in base rates; and

(I) Any additional requirements the commission ordered;

(II) Calculation of each of the proposed fuel adjustment rates;

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

**The Companies have no objection to this rule.**

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

**The Companies have no objection to this rule.**

5. Calculations underlying any seasonal variation in the FAC rate(s).

**The Companies seek clarification on this proposed rule. It appears as though it requests the reproduction of data used to devise base rates in a general rate proceeding each time a FAR filing is presented. If this assumption is correct, the Companies object to periodically filing a calculation already in the possession of stakeholders.**

**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 Rate Adjustment Mechanisms  
Filing and Submission Requirements**

*PURPOSE: This 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 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) Definitions.

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

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

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

1. 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 revenues;
7. General rate proceeding;
8. Interim energy charge (IEC);
9. Net base energy costs;
10. Base rates;
11. Recovery period; and
12. Staff.

(3) 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)(C);

(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(9);

(C) Proposed RAM tariff sheets;

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



(E) A reasonably 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 reasonably detailed explanation of how the proposed FAC shall be trued-up for over-and under-collections, or how and when the refundable portion of the proposed IEC shall be trued-up;

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

(I) A reasonably detailed explanation of fuel and purchased power costs that are to be recovered under the proposed RAM with identification of the specific account where the costs will be recorded on the electric utility's books and records;

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

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

(L) A reasonably detailed explanation of any rate volatility mitigation feature in the proposed RAM;

(M) A reasonably detailed explanation of any feature of the proposed RAM and of any existing electric utility policy, procedure, or practice that ensures only prudent fuel and purchased power costs and fuel-related revenue shall be recovered through the proposed RAM;

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

(O) A reasonably detailed explanation of 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 base rates;

(P) A reasonably detailed explanation of any change to the electric utility's business risk resulting from implementation of the proposed RAM, in addition to any other changes in business risk the electric utility may experience;

←  
~~(Q) 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 four (4) years following commission establishment of a RAM, the expected dispatch of those resources, the reasons why those 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 four (4) 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;~~

~~(QR)~~ 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 establishment of 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;

~~(RS)~~ If the electric utility proposes to include emissions allowances costs or sales revenue in the proposed FAC and not in an environmental cost recovery mechanism, a reasonably detailed explanation of its emissions management policy, and its forecasted environmental investments, emissions allowances purchases and emissions allowances sales;

~~(FS)~~ 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 historical monthly equivalent availability factor, the monthly equivalent forced outage rate and the length and timing of each planned outage of that unit; and

~~(TH)~~ Authorization for the 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 in EFIS in compliance with 4 CSR 240-

~~3 20.090(11).~~

(4) Continuation or Modification of 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 include in its filing updates of the information required by each sub-subsection in subsection (3) of this rule to the extent that there has been a material change in such information since the electric utility's previous general rate proceeding. The electric utility shall also file any additional information that, in the previous general rate proceeding, the commission ordered the electric utility to provide when seeking to continue or modify its RAM. With respect to the information required by sub-subsection (R) of section (3) of this rule, the electric utility will provide the results of heat rate tests and/or efficiency tests performed on its generating units since its last submission of heat rate test and/or efficiency test results under sub-subsection (R) of section (3) or under this subsection (4), as the case may be.

(5) Discontinuance of a RAM. When an electric utility files a general rate proceeding in which it requests that its RAM be discontinued, the electric utility shall file with the commission, and serve on the parties, 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)(C);

(B) A reasonably detailed explanation of how the electric utility proposes 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 reasonably detailed explanation of how any over-collections will be returned to the electric utility's retail customers;

(C) A reasonably detailed 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 reasonably detailed explanation of any change to the electric utility's business risk resulting from implementation of the proposed RAM, in addition to any other changes in business risk the electric utility may experience; and

(E) Any additional information that, in the previous general rate proceeding, the commission ordered the electric utility to provide when seeking to discontinue its RAM.

(6) ~~Periodic~~Monthly Reports. So long as it has a RAM in effect, each electric utility shall submit a ~~monthly~~ report that covers each period used to accumulate costs and revenues for inclusion in the RAM through the commission's electronic filing and information system (EFIS) ~~and to the Office of the Public Counsel (OPC) and to other parties~~. Each ~~periodic~~monthly 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 section, which shall be provided in electronic format where available (with formulas intact). The information in the ~~periodic~~monthly report shall be submitted no later than sixty (60) days after the end of the ~~period being reported~~reported month. The first ~~periodic~~monthly submission shall be made within sixty (60) days after the end of the first complete ~~period~~month after the electric utility's RAM goes into effect. Each ~~periodic~~monthly report shall contain the following information:

~~(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 rates, by rate class and voltage level;~~

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

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

~~(C) Each significant factor that has affected the level of the electric utility's fuel-related revenues in the periodcalendar month, along with workpapers documenting each of these significant factors;~~

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

~~(E) Calendar month off-system megawatt-hours sold in the period;~~

~~(F) Calendar month megawatt-hours generated, fuel consumption, fuel expense and heat rate by plant, by generating unit;~~

~~(G) Calendar month megawatt-hours purchased in the period, stating firm and non-firm purchases separately;~~

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

Comment [A1]: Unclear – to discuss, and why by rate class?

Comment [A2]: Same

Comment [A3]: Why needed?

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

1. ~~Actual fuel~~ fuel-related revenue, ~~by account and sub-account number~~;
2. ~~Actual fuel~~ fuel costs included in the fuel and purchased power costs, ~~by account and sub-account number~~;
3. ~~Actual fuel handling labor costs~~;

(~~IL~~) The following information for the ~~periodic~~ 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;

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

(~~LN~~) 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;~~

(~~MT~~) The electric utility's monthly 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 ~~periodic~~ 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

(~~NU~~) Any additional information that the commission has ordered the electric utility to provide in its ~~periodic~~ monthly reports.

(7) Budget Report. Annually the electric utility shall submit in EFIS and provide to OPC and other parties, its approved budget for the upcoming budget year, in electronic 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

Comment [A4]: Still under consideration and for discussion

statement. The budget report shall be submitted within thirty (30) days of 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.

(8) Periodic Change to Fuel Adjustment Rates (FAR) When an electric utility files with the commission a tariff sheet(s) to change its fuel adjustment rates as described in 4 CSR 240-20.090(5), and serves it upon parties, the filed tariff sheet(s) shall be accompanied by:

(A) Prefiled testimony that shall include:

1. A discussion that details the material 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;

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

1. For the period of historical costs which are being used to propose the fuel adjustment rates:

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

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

C. The actual purchased power costs of the types of purchased power costs designated in the electric utility's FAC, differentiated by:

(I) Short-term and long-term purchased power;

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

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

D. The megawatt-hours and costs of purchased power 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; and

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

~~(III) Spot market purchased power;~~

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

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;~~

GH. Net base energy costs -collected in base rates; and

(I) Any additional requirements the commission ordered;

(II) Calculation of each of the proposed fuel adjustment rates;

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

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

Comment [A5]: Why differentiate?

Comment [A6]: Why differentiate?

~~5. Calculations underlying any seasonal variation in the FAC rate(s).~~

(C) Workpapers, in electronic format where available (with formulas intact), supporting all items in subsections (A) and (B) shall be submitted in EFIS and provided to the Office of the Public Counsel (OPC) and other parties.

(9) RAM True-Ups. When an electric utility files with the commission to true-up its RAM, as described in 4 CSR 240-20.090(6), the filing shall be accompanied by :

(A) Prefiled testimony that includes a discussion detailing the material factors which contributed to the true-up amount.

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

1. Any revision to the calculation of net base energy costs for the accumulation period;

2. The calculation of the monthly amount that was over-collected or under-collected through its RAM;

3. 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 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 that the commission has ordered the electric utility to include in its RAM true-up filing.

(C) Workpapers, in electronic format where available (with formulas intact), supporting all items in subsections (A) and (B) shall be submitted in EFIS and provided to the Office of the Public Counsel (OPC) and other parties.

(10) Party status and 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 in which the commission established, continued or modified the electric utility's RAM shall be a party to each subsequent related RAM rate adjustment proceeding, RAM true-up proceeding and RAM prudence review proceeding, without applying to the commission for intervention, and shall be entitled to ~~access~~ receive the ~~periodic~~ monthly reports ~~and quarterly surveillance reports~~ required by this rule and surveillance reports submitted pursuant to 4 CSR 240-3. via

EFIS during the period of time when they are entitled to be a party to such proceedings without applying for intervention. In any subsequent general rate proceeding, such person or entity must seek and be granted status as an intervener to be a party to that case (and to consequently be a party, without seeking and being granted status as an intervener, to RAM-related proceedings initiated after that case); and

~~and~~

(B) Anyone may seek to intervene, pursuant to 4 CSR 240-2.075, in any RAM rate adjustment proceeding, RAM true-up 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 when it is filed, then the applicant for intervention shall be deemed to have been granted intervention without a specific commission order, unless within the

Comment [A7]: Why would a reproduction of the data used to derive base rates need to be reported – everyone has it from the rate case?

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) Discovery. Each discovery response that a party obtains in general rate proceedings where the electric utility seeks for the commission to approve, modify, reject, continue or discontinue a RAM and in related subsequent RAM rate adjustment proceedings, RAM true-up proceedings and 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 proceeding to modify, continue or discontinue its RAM as if the response were made to a discovery request in that proceeding without requiring the party who made the request to resubmit the same discovery request (data request, interrogatory, request for production, request for admission, or deposition), subject to commission ruling on any evidentiary objection(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.

(12) Supplementing and updating discovery responses in subsequent related proceedings. A party who provided a discovery response in a prior case as described in section (11) 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 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 the discovery response where the responding party has learned or subsequently learns its response is in some material respect in detailed or incorrect.

(13) The commission shall establish a new case for each general rate proceeding, RAM rate adjustment proceeding, RAM true-up proceeding and RAM prudence review proceeding.

(14) 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.

(15) Variances. For good cause shown, the commission may grant variances from provisions of 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 Fuel and Purchased Power Rate Adjustment Mechanisms**

*PURPOSE: This proposed amendment modifies the definitions, structure, operation, and procedures relevant to the filing and processing of request to allow fuel and purchased power costs and fuel-related revenues in an interim energy charge or a fuel adjustment clause which 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.*

(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 base rates as determined by the commission in a general rate case and that when divided by kWh at the regional transmission organization's price node for the electric utility's load or, if the electric utility is not a participant in a regional transmission organization, when divided by kWh at the generator, equals the base factor (BF);

(D) Base factor (BF) means base energy costs per kWh at the regional transmission organization's price node for the electric utility's load or, if the electric utility is not a participant in a regional transmission organization, 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. Fuel and purchased power costs 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.

Comment [A1]: What is intent

1. If off-system sales revenues are not reflected in the rate adjustment mechanism (RAM), 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. Fuel and purchased power costs do not include 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);

(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;

Comment [A2]: Remains an open item

(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;

(M) 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 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 base 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 fuel-related revenues and costs related to those revenues.;

(O) Net base energy costs means the product of the utility's base factor (BF) times the kWh used utility's actual net system input in kWh at the generator for the accumulation period using kWh at the same location used to establish BF, using the most recent kWh data available at the time net base energy costs are being calculated. ~~Net system input is that amount of energy, measured at a specified point on the system, needed to serve the utility's retail load obligation;~~

~~including any applicable transmission or distribution losses from that specified point to the end use customer meter, and shall include appropriate adjustments for any behind the meter generation;~~

(P) Base 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;

(R) Rebase base energy costs means the resetting of the base energy cost in the FAC equal to the base energy cost established as part of the 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

(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 billed 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) Establishment, Continuation or Modification a RAM. An electric utility may only file to establish, continue or modify a RAM in a general rate proceeding. Any party in the general rate proceeding may seek to continue, modify or oppose the RAM. The commission shall approve, modify or reject such request only after providing the opportunity for a full hearing in the 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.

1. (A) The commission may approve the establishment, continuation or modification of a RAM and associated 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 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 may consider such factors that in its judgment have a bearing on the request

(B) The commission may take into account any change in business risk 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) The electric utility shall include in its initial notice to customers regarding the general rate case, a commission approved description of how its proposed RAM shall be applied to monthly bills. The description shall include the electric utility's estimate of the amount of the proposed change in rates arising from changes in the base energy costs and the estimated impact on a typical residential customer's bill resulting from the proposed change to the base energy costs.

(D) Any party to the general rate proceeding may oppose any RAM and/or may propose alternative RAMs for the commission's consideration.

(E) The RAM, including the fuel adjustment rates, shall be based on historical fuel and purchased power costs and fuel-related revenues.

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

(G) 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 base rates. However, non-FAC fuel-related costs and revenues may be included in the revenue requirement used in setting base rates.

(H) 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 a request 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.

(I) True-ups. For an electric utility with a FAC, the utility shall include in its proposed tariff sheets 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.

(J) Any party to the general rate proceeding may propose a cap on the 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.

(3) Discontinuance of a RAM. The tariff sheets that define and implement a RAM shall only be discontinued and withdrawn after 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 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 tariff sheets filed to implement the RAM must conform to the RAM approved by the commission. Any RAM and periodic adjustments to 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 of the 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.

(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 (H) 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) Requirements for Electric Utilities That Have a RAM. If the commission grants, modifies or continues an electric utility's RAM, the electric utility shall, ~~u~~Upon 30 days prior written notice to the electric utility, provide 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 (to the extent related to generation of electricity), ~~the utility's hedging policies and the utility's internal policy for participating in a Regional Transmission Organization (RTO) ancillary services market (if applicable),~~ including every amendment and modification to each contract ~~or policy~~, that was in effect during a particular period of the operation of the RAM for the electric utility.

(5) Periodic Changes to Fuel Adjustment Rates. An electric utility that has a FAC shall file proposed tariff sheet(s) to adjust its 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 proceeding establishing, continuing or modifying the 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 utility's most recent general rate proceeding. Within thirty (30) days after the electric utility files testimony and tariff sheets to adjust its FARs, the staff shall submit a recommendation regarding its examination and analysis to the commission.

(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 testimony and tariff sheet(s) to adjust its FARs.

(G) Within sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall either:

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. If it determines that the adjustment to the FARs is not in accordance 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, 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 shall allow the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question.

(H) If the staff, OPC or other party which receives, pursuant to 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 FAC 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 tariff sheets to adjust the FARs 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 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 the FARs. For good cause shown the commission may further suspend this timeline.

2. Any delay in providing sufficient information in 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.

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

(A) Determinations of imprudence, adjustments to FARs and any corrections shall be made in separate cases, not in a true-up case.

(B) The electric utility shall initiate a new case with an EO designation for each true-up of its RAM.

(C) The electric utility must be current on its submission of its Surveillance Monitoring Reports as required in section (11) and its monthly reporting requirements as required by 4 CSR 240-3.161(6) at the time that it files its true-up of its RAM in order for the commission to process the electric utility's requested true-up of any under-collection.

(D) 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 for a true-up amount.

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

(F) Within sixty (60) days of the electric utility's true-up filing the commission shall either:

1. Allow the tariff sheet(s) reflecting the true-up amount to take effect without commission order; or

3. If it determines that the true-up amount reflected in the tariff sheet(s) is incorrect, reject the proposed tariff sheet(s) containing the true-up amount, suspend the timeline of the true-up filing, and set a prehearing date and order the parties to propose a procedural schedule. The commission shall allow the electric utility to file tariff sheet(s) to implement interim FARs reflecting any part of the true-up amount that is not in question, and questions about the correctness of the true-up amount will not delay adjustments to FAR rates unrelated to the true-up.

(G) If the staff, OPC or other party which receives, pursuant to 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 determination of the 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 true-up amount shall result in a reduction in the FAR, the processing timeline shall continue with the best information available. When the electric utility provides the necessary information, the FAR shall be adjusted again, if necessary, to reflect the additional information provided by the electric utility.

(7) 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 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 RAM, or any period for which charges collected under the RAM must be fully refunded. In the event a court determines that the 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.

(8) 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 initiating its prudence review. Parties to the prudence review proceeding shall have ten (10) days after the staff files its recommendation to request a hearing. The commission shall issue an order not later than thirty (30) days after the staff files its recommendation if no party requests a hearing.

1. If the staff, OPC or other 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 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.

(9) Disclosure on Customers' Bills. Any amounts charged under a 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.

(10) 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 as determined through the periodic conduct of Missouri jurisdictional system loss studies. When the electric utility 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 immediately preceding the date the utility files its general rate case requesting a RAM. When the electric utility seeks to continue 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 beginning of the twelve (12)-month period the utility uses for developing the general rates it proposes the Commission approve in that general rate proceeding.

~~(11) Submission of Surveillance Monitoring Reports. Each electric utility with an approved RAM shall submit to staff, OPC and parties as defined in 4 CSR 240.3.161(10)(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 cost recovery mechanism(s) which requires submission of surveillance monitoring reports, the electric utility shall submit a single Surveillance Monitoring Report that incorporates the requirements of the surveillance monitoring report requirements for all cost recovery 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 base energy costs, designed to provide the electric utility with incentives to

Comment [A3]: Move, as appropriate, to Chapter 3 – and do the same for other rules that reference surveillance (e.g., MEEIA, RES)



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. Customer rates shall include the cost of an incentive mechanism or performance-based program 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.

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

(A) Any adjustment mechanism, tariff, incentive plan, or other ratemaking mechanism that was approved by the commission and in effect prior to \_\_\_\_\_; and

(B) Any experimental regulatory plan that was approved by the commission and in effect prior to \_\_\_\_\_.

(14) Nothing in this rule shall preclude a complaint case from being filed, as provided by law, on the grounds that the electric utility is acting in violation of its approved RAM tariff sheets or on the grounds that an electric utility's rates have become unjust and unreasonable, 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 its rates have become unjust and unreasonable. If a complaint is filed on the grounds that an electric utility is acting in violation of its approved RAM tariff sheets or on the grounds that it rates have become unjust and unreasonable, 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.

(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.*