

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

In the Matter of the Consideration of Adoption	)	
of the PURPA §111(d)(13) Fossil Fuel	)	
Generation Efficiency Standard as Required by	)	Case No. EO-2006-0495
§1251 of the Energy Policy Act of 2005.	)	

STAFF’S UPDATED SUGGESTIONS FOR FUTURE PROCEEDINGS

COMES NOW the Staff (“Staff”) of the Missouri Public Service Commission (“Commission”) and hereby suggests a change in the approach to processing the above-styled case. In support thereof, the Staff respectfully states as follows:

1. On October 31, 2006, pursuant to the Commission’s October 16, 2006 Order Suspending The Requirement To File A Procedural Schedule And Directing Filing, the Staff filed a motion requesting that a single rulemaking (EX) docket be opened for purposes of addressing any rulemaking considerations in the instant case, as well as in the other four cases--- Case Nos. EO-2006-0493, EO-2006-0494, EO-2006-0496 and EO-2006-0497---established to address the new Public Utility Regulatory Policies Act of 1978 (“PURPA”) standards created by the Energy Policy Act of 2005 (“EPAAct 2005”). However, based on discussions among the parties during technical conferences, as well as the pleadings filed by various parties since the opening of this case and the other four cases, the Staff has come to the conclusion that a different approach may achieve better acceptance. In each of the five cases, some Commission decisions are dependent on and may be obviated by other decisions. For this reason, the Staff believes that an approach that sequences the Commission decisions that may be necessary in each case will provide greater transparency and will facilitate more efficient processing of the cases.

2. It appears that the general positions of most of the parties are quite firm with respect to each of the various standards that are the subject of these proceedings. They believe

either: (a) that under EPAAct 2005, prior state action exempts the Commission from having to take action regarding various standards; or (b) that there is no such prior state action exemption, and a Commission decision as to whether to adopt a particular standard is therefore required by the federal statute. In general, those parties who believe that the prior state action exemption does not apply to a particular standard also support Commission adoption of that standard.

3. The question whether the Commission is exempted by prior state action from having to consider and determine whether to implement a particular standard is a threshold question. If the Commission decides that the prior state action exemption applies, under the federal law, it need not pursue the matter any further. Instead, the Commission may simply issue an order to that effect and close the case.

4. The Staff believes that a Commission decision concerning the threshold question of the applicability of the prior state action exemption to the various standards can be secured without the need for an omnibus rulemaking process, as was recently requested. Absent some initial process that attempts to pare down the issues to be further addressed, an omnibus rulemaking may prove to be very cumbersome and difficult to structure, and as a consequence, could involve a considerable amount of largely unproductive time and effort.

5. Accordingly, the Staff hereby requests that the Commission disregard the Staff's October 31, 2006 motion to open a single rulemaking docket for this case and the four other cases identified above, and proposes instead that the Commission decide the threshold question concerning the applicability of the prior state action exemption to each of the standards on the basis of pleadings filed in the respective cases. Some parties may feel as though they have already filed pleadings that adequately set out their positions regarding the threshold question. However, for those parties wishing to file additional pleadings concerning this question, the Staff

requests that the Commission issue an Order setting February 9, 2007 as the deadline for doing so.

6. The Staff believes that the pleadings already filed, and any pleadings subsequently filed, in the various cases concerning the applicability of the prior state action exemption to each of the subject standards will provide an adequate basis for the Commission to make a ruling. However, the Commission may wish to hold an on-the-record proceeding of some type in one or more of the five cases before rendering its decisions on this threshold question. If the Commission desires such a proceeding for either the Time-Based Metering and Communications (“Smart Metering”) Standard (Case No. EO-2006-0496) or the Interconnection Standard (Case No. EO-2006-0497), the Staff would suggest that they be scheduled prior to any desired analogous proceeding in the instant case or in Case Nos. EO-2006-0493 and EO-2006-0494, as decisions on Smart Metering and Interconnection are due in August of 2007, a year earlier than the other three.

7. In any case in which the Commission determines that the prior state action exemption does not apply to the particular standard at issue, the Staff envisions a follow-on process requiring up to two additional steps; namely: (a) a Commission determination, as required by the federal statute, concerning whether or not it is appropriate to implement that standard; and (b) in the event the Commission determines that implementation is appropriate, the implementation process itself, which in most instances would likely involve a rulemaking. It should be noted that, for any standards ruled ineligible for the prior state action exemption, the Commission will have discharged its obligation under EPLA 2005 by deciding the policy question identified in step (a) of this paragraph. If the Commission decides that a particular

standard should be implemented, the implementation process (step (b)) can then proceed in due course, presumably pursuant to the Commission's order adopting that standard.

8. As indicated above, a Commission determination that it need not consider implementing a particular standard because of the prior state action exemption would truncate the process upon the Commission's issuance of an order to that effect. However, in the event that the Commission decides, in Case Nos. EO-2006-0496 (Smart Metering) and/or EO-2006-0497 (Interconnection), that the prior state action exemption does not apply, it is important to schedule follow-on proceedings that will permit the Commission to make its policy determination regarding implementation of those standards prior to an August 2007 statutory deadline. Accordingly, the Staff is suggesting general time frames for possible proceedings addressing Smart Metering or Interconnection in its companion pleadings in those respective cases. Should the Commission require analogous proceedings be required the instant case on Fossil Fuel Generation Efficiency, or in Case Nos. EO-2006-0493 (Net Metering) and EO-2006-0494 (Fuel Sources), they can be scheduled at a later time.

WHEREFORE, the Staff respectfully submits its Updated Suggestions Regarding Future Proceedings and respectfully requests that the Commission: a) grant the Staff leave to withdraw the Staff's October 31, 2006 motion to open a single rulemaking docket for this case and the other four cases---Case Nos. EO-2006-0493, EO-2006-0494, EO-2006-0496 and EO-2006-0497---established to address the new PURPA standards created by the EPAct 2005; b) issue an Order directing that any parties wishing to file in this proceeding an additional pleading concerning the threshold question of the applicability of the prior state action exemption to the Fossil Fuel Generation Efficiency Standard, do so by February 9, 2007; and c) if deemed necessary for the purpose of deciding the threshold question regarding the prior state action

exemption, schedule an on-the-record proceeding for a date following any such proceedings that may be required for Case Nos. EO-2006-0496 and EO-2006-0497.

Respectfully submitted,

/s/ Dennis L. Frey

Dennis L. Frey
Senior Counsel
Missouri Bar No. 44697
Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
573-751-8700 (telephone)
573-751-9285 (fax)
e-mail: denny.frey@psc.mo.gov

Certificate of Service

I hereby certify that copies of the foregoing have been mailed by first-class mail, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 22nd day of December, 2006.

/s/ Dennis L. Frey