

FIRST REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 190**  
**99TH GENERAL ASSEMBLY**

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Reported from the Committee on Commerce, Consumer Protection, Energy and the Environment, February 16, 2017, with recommendation that the Senate Committee Substitute do pass.

0512S.05C

ADRIANE D. CROUSE, Secretary.

**AN ACT**

To repeal sections 386.266, 386.390, 393.1025, 393.1030, and 393.1075, RSMo, and to enact in lieu thereof fourteen new sections relating to ratemaking for public utilities, with an existing penalty provision.

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*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Sections 386.266, 386.390, 393.1025, 393.1030, and 393.1075, RSMo, are repealed and fourteen new sections enacted in lieu thereof, to be known as sections 386.266, 386.390, 393.1025, 393.1030, 393.1075, 393.1100, 393.1275, 393.1400, 393.1410, 393.1600, 393.1610, 393.1640, 393.1650, and 393.1660, to read as follows:

386.266. 1. **(1)** Subject to the requirements of this section, any electrical corporation may make an application to the commission to approve rate schedules authorizing an interim energy charge, or periodic rate adjustments outside of general rate proceedings to reflect increases and decreases in its prudently incurred fuel and purchased-power costs, including transportation. **Such rate schedules shall also include and provide for adjustments reflecting all prudently incurred transmission charges not included in the costs covered by the immediately preceding sentence, and all transmission revenues, paid to or received from any transmission service provider.** The commission may, in accordance with existing law, include in such rate schedules features designed to provide the electrical corporation with incentives to improve the efficiency and cost-effectiveness of its fuel and purchased-power procurement activities.

14           **(2) Electrical corporations may file with the commission to**

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

15 amend existing rate schedules that provide for recovery of fuel and  
16 purchased-power costs, including transportation, and may do so  
17 without the necessity of filing a general rate proceeding, with such  
18 amended rate schedules to include transmission charges and revenues  
19 as provided for in subdivision (1) of this subsection. Transmission  
20 charges and revenues paid to or received from any transmission service  
21 provider on or after the effective date of subdivision (1) of this  
22 subsection, to the extent they are not already reflected in base rates,  
23 shall be recovered beginning when the first rate adjustment is made  
24 that covers the accounting period that coincides with the effective date  
25 of subdivision (1) of this subsection.

26       2. Subject to the requirements of this section, any electrical, gas, or water  
27 corporation may make an application to the commission to approve rate schedules  
28 authorizing periodic rate adjustments outside of general rate proceedings to  
29 reflect increases and decreases in its prudently incurred costs, whether capital  
30 or expense, to comply with any federal, state, or local environmental law,  
31 regulation, or rule. Any rate adjustment made under such rate schedules shall  
32 not exceed an annual amount equal to two and one-half percent of the electrical,  
33 gas, or water corporation's Missouri gross jurisdictional revenues, excluding gross  
34 receipts tax, sales tax and other similar pass-through taxes not included in  
35 tariffed rates, for regulated services as established in the utility's most recent  
36 general rate case or complaint proceeding. In addition to the rate adjustment, the  
37 electrical, gas, or water corporation shall be permitted to collect any applicable  
38 gross receipts tax, sales tax, or other similar pass-through taxes, and such taxes  
39 shall not be counted against the two and one-half percent rate adjustment  
40 cap. Any costs not recovered as a result of the annual two and one-half percent  
41 limitation on rate adjustments may be deferred, at a carrying cost each month  
42 equal to the utilities net of tax cost of capital, for recovery in a subsequent year  
43 or in the corporation's next general rate case or complaint proceeding.

44       3. Subject to the requirements of this section, any gas corporation may  
45 make an application to the commission to approve rate schedules authorizing  
46 periodic rate adjustments outside of general rate proceedings to reflect the nongas  
47 revenue effects of increases or decreases in residential and commercial customer  
48 usage due to variations in either weather, conservation, or both.

49       4. The commission shall have the power to approve, modify, or reject  
50 adjustment mechanisms submitted under subsections 1 to 3 of this section only

51 after providing the opportunity for a full hearing in a general rate proceeding,  
52 including a general rate proceeding initiated by complaint. The commission may  
53 approve such rate schedules after considering all relevant factors which may  
54 affect the costs or overall rates and charges of the corporation, provided that it  
55 finds that the adjustment mechanism set forth in the schedules:

56       (1) Is reasonably designed to provide the utility with a sufficient  
57 opportunity to earn a fair return on equity;

58       (2) Includes provisions for an annual true-up which shall accurately and  
59 appropriately remedy any over- or under-collections, including interest at the  
60 utility's short-term borrowing rate, through subsequent rate adjustments or  
61 refunds;

62       (3) In the case of an adjustment mechanism submitted under subsections  
63 1 and 2 of this section, includes provisions requiring that the utility file a general  
64 rate case with the effective date of new rates to be no later than four years after  
65 the effective date of the commission order implementing the adjustment  
66 mechanism. However, with respect to each mechanism, the four-year period shall  
67 not include any periods in which the utility is prohibited from collecting any  
68 charges under the adjustment mechanism, or any period for which charges  
69 collected under the adjustment mechanism must be fully refunded. In the event  
70 a court determines that the adjustment mechanism is unlawful and all moneys  
71 collected thereunder are fully refunded, the utility shall be relieved of any  
72 obligation under that adjustment mechanism to file a rate case;

73       (4) In the case of an adjustment mechanism submitted under subsection  
74 1 or 2 of this section, includes provisions for prudence reviews of the costs subject  
75 to the adjustment mechanism no less frequently than at eighteen-month  
76 intervals, and shall require refund of any imprudently incurred costs plus  
77 interest at the utility's short-term borrowing rate.

78       5. Once such an adjustment mechanism is approved by the commission  
79 under this section, it shall remain in effect until such time as the commission  
80 authorizes the modification, extension, or discontinuance of the mechanism in a  
81 general rate case or complaint proceeding.

82       6. Any amounts charged under any adjustment mechanism approved by  
83 the commission under this section shall be separately disclosed on each customer  
84 bill.

85       7. The commission may take into account any change in business risk to  
86 the corporation resulting from implementation of the adjustment mechanism in

87 setting the corporation's allowed return in any rate proceeding, in addition to any  
88 other changes in business risk experienced by the corporation.

89       8. In the event the commission lawfully approves an incentive- or  
90 performance-based plan, such plan shall be binding on the commission for the  
91 entire term of the plan. This subsection shall not be construed to authorize or  
92 prohibit any incentive- or performance-based plan.

93       9. Prior to August 28, 2005, the commission shall have the authority to  
94 promulgate rules under the provisions of chapter 536 as it deems necessary, to  
95 govern the structure, content and operation of such rate adjustments, and the  
96 procedure for the submission, frequency, examination, hearing and approval of  
97 such rate adjustments. Such rules shall be promulgated no later than one  
98 hundred fifty days after the initiation of such rulemaking proceeding. Any  
99 electrical, gas, or water corporation may apply for any adjustment mechanism  
100 under this section whether or not the commission has promulgated any such  
101 rules.

102       10. Nothing contained in this section shall be construed as affecting any  
103 existing adjustment mechanism, rate schedule, tariff, incentive plan, or other  
104 ratemaking mechanism currently approved and in effect.

105       11. Each of the provisions of this section is severable. In the event any  
106 provision or subsection of this section is deemed unlawful, all remaining  
107 provisions shall remain in effect.

108       12. The provisions of this section shall take effect on January 1, 2006, and  
109 the commission shall have previously promulgated rules to implement the  
110 application process for any rate adjustment mechanism under this section prior  
111 to the commission issuing an order for any rate adjustment.

112       13. The public service commission shall appoint a task force, consisting  
113 of all interested parties, to study and make recommendations on the cost recovery  
114 and implementation of conservation and weatherization programs for electrical  
115 and gas corporations.

386.390. 1. Complaint may be made by the commission of its own motion,  
2 or by the public counsel or any corporation or person, chamber of commerce,  
3 board of trade, or any civic, commercial, mercantile, traffic, agricultural or  
4 manufacturing association or organization, or any body politic or municipal  
5 corporation, by petition or complaint in writing, setting forth any act or thing  
6 done or omitted to be done by any corporation, person or public utility[, including  
7 any rule, regulation or charge heretofore established or fixed by or for any

8 corporation, person or public utility,] in violation, or claimed to be in violation,  
9 of any provision of law **subject to the commission's authority**, [or] of any  
10 rule **promulgated by the commission**, or of any utility tariff, or order or  
11 decision of the commission; provided, that no complaint shall be entertained by  
12 the commission, except upon its own motion, as to the reasonableness of any rates  
13 or charges of any gas, electrical, water, sewer, or telephone corporation, unless  
14 the same be signed by the public counsel or the mayor or the president or  
15 chairman of the board of aldermen or a majority of the council, commission or  
16 other legislative body of any city, town, village or county, within which the  
17 alleged violation occurred, or not less than twenty-five consumers or purchasers,  
18 or prospective consumers or purchasers, of such gas, electricity, water, sewer or  
19 telephone service.

20       2. All matters upon which complaint may be founded may be joined in one  
21 hearing, and no motion shall be entertained against a complaint for misjoinder  
22 of causes of action or grievances or misjoinder or nonjoinder of parties; and in any  
23 review by the courts of orders or decisions of the commission the same rule shall  
24 apply with regard to the joinder of causes and parties as herein provided.

25       3. The commission shall not be required to dismiss any complaint because  
26 of the absence of direct damage to the complainant. Upon the filing of a  
27 complaint, the commission shall cause a copy thereof to be served upon the public  
28 utility, corporation or person complained of.

29       4. Service in all hearings, investigations and proceedings pending before  
30 the commission may be made upon any person upon whom summons may be  
31 served in accordance with the provisions of the code of civil procedure of this  
32 state, and may be made personally or by mailing in a sealed envelope with  
33 postage prepaid.

34       5. The commission shall fix the time when and the place where a hearing  
35 will be had upon the complaint and shall serve notice thereof, not less than ten  
36 days before the time set for such hearing, unless the commission shall find that  
37 the public necessity requires that such hearing be held at an earlier date.

393.1025. As used in sections 393.1020 to 393.1030, the following terms  
2 mean:  
3       (1) "Commission", the public service commission;  
4       (2) "Department", the department of natural resources;  
5       (3) "Electric utility", any electrical corporation as defined by section  
6 386.020;

7                 (4) "Renewable energy credit" or "REC", a tradeable certificate of proof  
8 that one megawatt-hour of electricity has been generated from renewable energy  
9 sources; and

10                 (5) "Renewable energy resources", electric energy produced from wind,  
11 solar thermal sources, photovoltaic cells and panels, dedicated crops grown for  
12 energy production, cellulosic agricultural residues, plant residues, **processed**  
13 **solid biomass engineered fiber fuel as defined in section 393.1600,**  
14 methane from landfills, from agricultural operations, or from wastewater  
15 treatment, thermal depolymerization or pyrolysis for converting waste material  
16 to energy, clean and untreated wood such as pallets, hydropower (not including  
17 pumped storage) that does not require a new diversion or impoundment of water  
18 and that has a nameplate rating of ten megawatts or less, fuel cells using  
19 hydrogen produced by one of the above-named renewable energy sources, and  
20 other sources of energy not including nuclear that become available after  
21 November 4, 2008, and are certified as renewable by rule by the department.

393.1030. 1. The commission shall, in consultation with the department,  
2 prescribe by rule a portfolio requirement for all electric utilities to generate or  
3 purchase electricity generated from renewable energy resources. Such portfolio  
4 requirement shall provide that electricity from renewable energy resources shall  
5 constitute the following portions of each electric utility's sales:

6                 (1) No less than two percent for calendar years 2011 through 2013;  
7                 (2) No less than five percent for calendar years 2014 through 2017;  
8                 (3) No less than ten percent for calendar years 2018 through 2020; and  
9                 (4) No less than fifteen percent in each calendar year beginning in 2021.  
10 At least two percent of each portfolio requirement shall be derived from solar  
11 energy. The portfolio requirements shall apply to all power sold to Missouri  
12 consumers whether such power is self-generated or purchased from another  
13 source in or outside of this state. A utility may comply with the standard in  
14 whole or in part by purchasing RECs. Each kilowatt-hour of eligible energy  
15 generated in Missouri shall count as 1.25 kilowatt-hours for purposes of  
16 compliance. **Each kilowatt-hour of eligible energy generated from**  
17 **processed solid biomass engineered fiber fuel, as defined in section**  
18 **393.1600, shall count as 1.50 kilowatt-hours for purposes of compliance.**

19                 2. The commission, in consultation with the department and within one  
20 year of November 4, 2008, shall select a program for tracking and verifying the  
21 trading of renewable energy credits. An unused credit may exist for up to three

22 years from the date of its creation. A credit may be used only once to comply with  
23 sections 393.1020 to 393.1030 and may not also be used to satisfy any similar  
24 nonfederal requirement. An electric utility may not use a credit derived from a  
25 green pricing program. Certificates from net-metered sources shall initially be  
26 owned by the customer-generator. The commission, except where the department  
27 is specified, shall make whatever rules are necessary to enforce the renewable  
28 energy standard. Such rules shall include:

29 (1) A maximum average retail rate increase of one percent determined by  
30 estimating and comparing the electric utility's cost of compliance with least-cost  
31 renewable generation and the cost of continuing to generate or purchase  
32 electricity from entirely nonrenewable sources, taking into proper account future  
33 environmental regulatory risk including the risk of greenhouse gas  
34 regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum  
35 average retail rate increase would be less than or equal to one percent if an  
36 electric utility's investment in solar-related projects initiated, owned or operated  
37 by the electric utility is ignored for purposes of calculating the increase, then  
38 additional solar rebates shall be paid and included in rates in an amount up to  
39 the amount that would produce a retail rate increase equal to the difference  
40 between a one percent retail rate increase and the retail rate increase calculated  
41 when ignoring an electric utility's investment in solar-related projects initiated,  
42 owned, or operated by the electric utility. Notwithstanding any provision to the  
43 contrary in this section, even if the payment of additional solar rebates will  
44 produce a maximum average retail rate increase of greater than one percent when  
45 an electric utility's investment in solar-related projects initiated, owned or  
46 operated by the electric utility are included in the calculation, the additional  
47 solar rebate costs shall be included in the prudently incurred costs to be  
48 recovered as contemplated by subdivision (4) of this subsection;

49 (2) Penalties of at least twice the average market value of renewable  
50 energy credits for the compliance period for failure to meet the targets of  
51 subsection 1 of this section. An electric utility will be excused if it proves to the  
52 commission that failure was due to events beyond its reasonable control that  
53 could not have been reasonably mitigated, or that the maximum average retail  
54 rate increase has been reached. Penalties shall not be recovered from  
55 customers. Amounts forfeited under this section shall be remitted to the  
56 department to purchase renewable energy credits needed for compliance. Any  
57 excess forfeited revenues shall be used by the department's energy center solely

58 for renewable energy and energy efficiency projects;

59               (3) Provisions for an annual report to be filed by each electric utility in  
60 a format sufficient to document its progress in meeting the targets;

61               (4) Provision for recovery outside the context of a regular rate case of  
62 prudently incurred costs and the pass-through of benefits to customers of any  
63 savings achieved by an electrical corporation in meeting the requirements of this  
64 section.

65               3. As provided for in this section, except for those electrical corporations  
66 that qualify for an exemption under section 393.1050, each electric utility shall  
67 make available to its retail customers a solar rebate for new or expanded solar  
68 electric systems sited on customers' premises, up to a maximum of twenty-five  
69 kilowatts per system, measured in direct current that were confirmed by the  
70 electric utility to have become operational in compliance with the provisions of  
71 section 386.890. The solar rebates shall be two dollars per watt for systems  
72 becoming operational on or before June 30, 2014; one dollar and fifty cents per  
73 watt for systems becoming operational between July 1, 2014, and June 30, 2015;  
74 one dollar per watt for systems becoming operational between July 1, 2015, and  
75 June 30, 2016; fifty cents per watt for systems becoming operational between July  
76 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational  
77 between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems  
78 becoming operational between July 1, 2019, and June 30, 2020; and zero cents per  
79 watt for systems becoming operational after June 30, 2020. An electric utility  
80 may, through its tariffs, require applications for rebates to be submitted up to one  
81 hundred eighty-two days prior to the June thirtieth operational date. Nothing in  
82 this section shall prevent an electrical corporation from offering rebates after July  
83 1, 2020, through an approved tariff. If the electric utility determines the  
84 maximum average retail rate increase provided for in subdivision (1) of subsection  
85 2 of this section will be reached in any calendar year, the electric utility shall be  
86 entitled to cease paying rebates to the extent necessary to avoid exceeding the  
87 maximum average retail rate increase if the electrical corporation files with the  
88 commission to suspend its rebate tariff for the remainder of that calendar year  
89 at least sixty days prior to the change taking effect. The filing with the  
90 commission to suspend the electrical corporation's rebate tariff shall include the  
91 calculation reflecting that the maximum average retail rate increase will be  
92 reached and supporting documentation reflecting that the maximum average  
93 retail rate increase will be reached. The commission shall rule on the suspension

94 filing within sixty days of the date it is filed. If the commission determines that  
95 the maximum average retail rate increase will be reached, the commission shall  
96 approve the tariff suspension. The electric utility shall continue to process and  
97 pay applicable solar rebates until a final commission ruling; however, if the  
98 continued payment causes the electric utility to pay rebates that cause it to  
99 exceed the maximum average retail rate increase, the expenditures shall be  
100 considered prudently incurred costs as contemplated by subdivision (4) of  
101 subsection 2 of this section and shall be recoverable as such by the electric utility.  
102 As a condition of receiving a rebate, customers shall transfer to the electric utility  
103 all right, title, and interest in and to the renewable energy credits associated with  
104 the new or expanded solar electric system that qualified the customer for the  
105 solar rebate for a period of ten years from the date the electric utility confirmed  
106 that the solar electric system was installed and operational.

107 4. The department shall, in consultation with the commission, establish  
108 by rule a certification process for electricity generated from renewable resources  
109 and used to fulfill the requirements of subsection 1 of this section. Certification  
110 criteria for renewable energy generation shall be determined by factors that  
111 include fuel type, technology, and the environmental impacts of the generating  
112 facility. Renewable energy facilities shall not cause undue adverse air, water, or  
113 land use impacts, including impacts associated with the gathering of generation  
114 feedstocks. If any amount of fossil fuel is used with renewable energy resources,  
115 only the portion of electrical output attributable to renewable energy resources  
116 shall be used to fulfill the portfolio requirements.

117 5. In carrying out the provisions of this section, the commission and the  
118 department shall include methane generated from the anaerobic digestion of farm  
119 animal waste and thermal depolymerization or pyrolysis for converting waste  
120 material to energy as renewable energy resources for purposes of this section.

121 6. The commission shall have the authority to promulgate rules for the  
122 implementation of this section, but only to the extent such rules are consistent  
123 with, and do not delay the implementation of, the provisions of this section. Any  
124 rule or portion of a rule, as that term is defined in section 536.010, that is created  
125 under the authority delegated in this section shall become effective only if it  
126 complies with and is subject to all of the provisions of chapter 536 and, if  
127 applicable, section 536.028. This section and chapter 536 are nonseverable and  
128 if any of the powers vested with the general assembly pursuant to chapter 536 to  
129 review, to delay the effective date, or to disapprove and annul a rule are

130 subsequently held unconstitutional, then the grant of rulemaking authority and  
131 any rule proposed or adopted after August 28, 2013, shall be invalid and void.

393.1075. 1. This section shall be known as the "Missouri Energy  
2 Efficiency Investment Act".

3       2. As used in this section, the following terms shall mean:

4       (1) "Commission", the Missouri public service commission;

5       (2) "Demand response", measures that decrease peak demand or shift  
6 demand to off-peak periods;

7       (3) "Demand-side program", any program conducted by the utility to  
8 modify the net consumption of electricity on the retail customer's side of the  
9 electric meter, including but not limited to energy efficiency measures, load  
10 management, demand response, and interruptible or curtailable load, **and the**  
11 **utilization of combined heat and power technology to generate**  
12 **electricity from waste heat and assist customers with reducing the**  
13 **amount of electricity delivered by such electrical corporation,**  
14 **notwithstanding that such utilization may not modify consumption of**  
15 **energy on the customer's side of the meter;**

16       (4) "Electrical corporation", the same as defined in section  
17 386.020, but shall not include an electrical corporation regulated under  
18 chapters 386 and 393 but not subject to the commission's jurisdiction  
19 over its rates, financing, accounting, or management under subsection  
20 2 of section 393.110;

21       (5) "Energy efficiency", measures that reduce the amount of electricity  
22 required to achieve a given end use;

23       [(5)] (6) "Interruptible or curtailable rate", a rate under which a  
24 customer receives a reduced charge in exchange for agreeing to allow the utility  
25 to withdraw the supply of electricity under certain specified conditions;

26       [(6)] (7) "Total resource cost test", a test that compares the sum of  
27 avoided utility costs and avoided probable environmental compliance costs to the  
28 sum of all incremental costs of end-use measures that are implemented due to the  
29 program, as defined by the commission in rules.

30       3. It shall be the policy of the state to value demand-side investments  
31 equal to traditional investments in supply and delivery infrastructure and allow  
32 recovery of all reasonable and prudent costs of delivering cost-effective  
33 demand-side programs. In support of this policy, the commission shall:

34       (1) Provide timely cost recovery for utilities;

35           (2) Ensure that utility financial incentives are aligned with helping  
36 customers use energy more efficiently and in a manner that sustains or enhances  
37 utility customers' incentives to use energy more efficiently; and

38           (3) Provide timely earnings opportunities associated with cost-effective  
39 measurable and verifiable efficiency savings.

40           4. The commission shall permit electric corporations to implement  
41 commission-approved demand-side programs proposed pursuant to this section  
42 with a goal of achieving all cost-effective demand-side savings. Recovery for such  
43 programs shall not be permitted unless the programs are approved by the  
44 commission, result in energy or demand savings and are beneficial to all  
45 customers in the customer class in which the programs are proposed, regardless  
46 of whether the programs are utilized by all customers. The commission shall  
47 consider the total resource cost test a preferred cost-effectiveness test. Programs  
48 targeted to low-income customers or general education campaigns do not need to  
49 meet a cost-effectiveness test, so long as the commission determines that the  
50 program or campaign is in the public interest. Nothing herein shall preclude the  
51 approval of demand-side programs that do not meet the test if the costs of the  
52 program above the level determined to be cost-effective are funded by the  
53 customers participating in the program or through tax or other governmental  
54 credits or incentives specifically designed for that purpose.

55           5. To comply with this section the commission may develop cost recovery  
56 mechanisms to further encourage investments in demand-side programs  
57 including, in combination and without limitation: capitalization of investments  
58 in and expenditures for demand-side programs, rate design modifications,  
59 accelerated depreciation on demand-side investments, and allowing the utility to  
60 retain a portion of the net benefits of a demand-side program for its shareholders.  
61 In setting rates the commission shall fairly apportion the costs and benefits of  
62 demand-side programs to each customer class except as provided for in subsection  
63 6 of this section. Prior to approving a rate design modification associated with  
64 demand-side cost recovery, the commission shall conclude a docket studying the  
65 effects thereof and promulgate an appropriate rule.

66           6. The commission may reduce or exempt allocation of demand-side  
67 expenditures to low-income classes, as defined in an appropriate rate proceeding,  
68 as a subclass of residential service.

69           7. [Provided that the customer has notified the electric] **A customer**  
70 **meeting the criteria specified in this subsection may notify an**

71   **electrical corporation in writing** that the customer elects not to participate in  
72   demand-side measures offered by [an] **the electrical corporation as to some or**  
73   **all of the customer's electric service accounts.** Starting with the first  
74   **day of the billing cycle month occurring after such notification is given,**  
75   [none of the costs of] **charges arising from** demand-side measures of [an  
76   electric] **the electrical corporation** offered under this section or by any other  
77   authority[, and no other charges implemented in accordance with this section,]  
78   shall **not** be [assigned to any account of any customer] **included on the bill for**  
79   **any account of the customer specified in such notice**, including **any bill**  
80   **for such an account issued to** its affiliates and subsidiaries[, meeting]. To  
81   **be eligible to give the notice provided for in this subsection, the**  
82   **customer shall meet** one or more of the following criteria:

83                 (1) The customer has one or more accounts within the service territory of  
84   the electrical corporation that has a demand of five thousand kilowatts or more;  
85                 (2) The customer operates an interstate pipeline pumping station,  
86   regardless of size; or

87                 (3) The customer has accounts within the service territory of the electrical  
88   corporation that have, in aggregate, a demand of two thousand five hundred  
89   kilowatts or more, and the customer has a comprehensive demand-side or energy  
90   efficiency program and can demonstrate an achievement of savings at least equal  
91   to those expected from utility-provided programs.

92                 8. **Eligible** customers that have [notified] **provided notice under**  
93   **subsection 7 of this section to** the electrical corporation that they do not wish  
94   to participate in demand-side programs under this section **as to some, or all,**  
95   **of their electric service accounts** shall not subsequently be eligible to  
96   participate in demand-side programs [except under guidelines established by the  
97   commission in rulemaking] **for the specified accounts unless the customer**  
98   **provides an additional notice, in writing, rescinding its previous notice**  
99   **as to some or all of the customer's accounts.**

100                 9. Customers who participate in demand-side programs initiated after  
101   August 1, 2009, shall be required to participate in program funding for a period  
102   of time to be established by the commission in rulemaking.

103                 10. Customers electing not to participate in an electric corporation's  
104   demand-side programs under this section shall still be allowed to participate in  
105   interruptible or curtailable rate schedules or tariffs offered by the electric  
106   corporation.

107        11. The commission shall provide oversight and may adopt rules and  
108 procedures and approve corporation-specific settlements and tariff provisions,  
109 independent evaluation of demand-side programs, as necessary, to ensure that  
110 electric corporations can achieve the goals of this section. Any rule or portion of  
111 a rule, as that term is defined in section 536.010, that is created under the  
112 authority delegated in this section shall become effective only if it complies with  
113 and is subject to all of the provisions of chapter 536 and, if applicable, section  
114 536.028. This section and chapter 536 are nonseverable and if any of the powers  
115 vested with the general assembly pursuant to chapter 536 to review, to delay the  
116 effective date, or to disapprove and annul a rule are subsequently held  
117 unconstitutional, then the grant of rulemaking authority and any rule proposed  
118 or adopted after August 28, 2009, shall be invalid and void.

119        12. Each electric corporation shall submit an annual report to the  
120 commission describing the demand-side programs implemented by the utility in  
121 the previous year. The report shall document program expenditures, including  
122 incentive payments, peak demand and energy savings impacts and the techniques  
123 used to estimate those impacts, avoided costs and the techniques used to estimate  
124 those costs, the estimated cost-effectiveness of the demand-side programs, and the  
125 net economic benefits of the demand-side programs.

126        13. Charges attributable to demand-side programs under this section shall  
127 be clearly shown as a separate line item on bills to the electrical corporation's  
128 customers.

129        14. [(1) Any customer of an electrical corporation who has received a  
130 state tax credit under sections 135.350 to 135.362 or under sections 253.545 to  
131 253.561 shall not be eligible for participation in any demand-side program offered  
132 by an electrical corporation under this section if such program offers a monetary  
133 incentive to the customer, except as provided in subdivision (4) of this subsection.

134        (2) As a condition of participation in any demand-side program offered by  
135 an electrical corporation under this section when such program offers a monetary  
136 incentive to the customer, the commission shall develop rules that require  
137 documentation to be provided by the customer to the electrical corporation to  
138 show that the customer has not received a tax credit listed in subdivision (1) of  
139 this subsection.

140        (3) The penalty for a customer who provides false documentation under  
141 subdivision (2) of this subsection shall be a class A misdemeanor.

142        (4) The provisions of this subsection shall not apply to any low-income

143 customer who would otherwise be eligible to participate in a demand-side  
144 program that is offered by an electrical corporation to low-income customers.

145       15.] The commission shall develop rules that provide for disclosure of  
146 participants in all demand-side programs offered by electrical corporations under  
147 this section when such programs provide monetary incentives to the  
148 customer. The disclosure required by this subsection may include, but not be  
149 limited to, the following: the name of the participant, or the names of the  
150 principles if for a company, the property address, and the amount of the monetary  
151 incentive received.

**393.1100. Each electrical corporation and gas corporation shall**  
2 **allow residential customers the option of refusing the installation of a**  
3 **remotely read two-way communication enabled meter or of requesting**  
4 **the removal of previously installed remotely read two-way**  
5 **communication enabled meter. Any residential customer whose usage**  
6 **shall be determined manually or through other meter reading**  
7 **technologies shall be assessed an additional charge for such meter**  
8 **reading, with the charge to be based on the electrical or gas**  
9 **corporation's incremental cost to read such meter using this alternative**  
10 **approach as compared to the costs to remotely read a two-way**  
11 **communication enabled meter.**

393.1275. 1. The provisions of section 386.020 defining words,  
2 phrases, and terms shall apply to and determine the meaning of all  
3 such words, phrases, or terms as used in this section.

4       2. Electrical corporations shall defer to a regulatory asset or  
5 liability account any difference in state or local property tax expenses  
6 actually incurred, and those on which the revenue requirement used to  
7 set rates in the electrical corporation's most recently completed general  
8 rate proceeding was based. The regulatory asset or liability account  
9 balances shall be included in the revenue requirement used to set rates  
10 through an amortization over a reasonable period of time in such  
11 corporation's subsequent general rate proceedings, without any offset.  
12 The commission shall also adjust the rate base used to establish the  
13 revenue requirement of such corporation to reflect the unamortized  
14 regulatory asset or liability account balances in such general rate  
15 proceedings.

16       3. On and after the effective date of rates in an electrical  
17 corporation's next general rate proceeding concluding after the

18 effective date of this section, electrical corporation shall defer to a  
19 regulatory asset or liability account any difference in the prudently  
20 incurred operations and maintenance expense actually incurred to  
21 protect the reliability and security of systems, software, equipment, and  
22 facilities connected to or controlling the electric system against  
23 physical or cyber-security threats, including but not limited to  
24 generating stations, substations, and control centers, and the  
25 operations and maintenance expense for such protection that was used  
26 to set rates in the electrical corporation's prior general rate  
27 proceeding. The regulatory asset or liability account balances shall be  
28 included in the revenue requirement used to set rates through an  
29 amortization over a reasonable period of time in such corporation's  
30 subsequent general rate proceedings, without any offset. The  
31 commission shall also adjust the rate base used to establish the revenue  
32 requirement of such corporation to reflect the unamortized regulatory  
33 asset or liability account balances in such general rate proceedings.

393.1400. 1. This section and section 393.1640 shall be known and  
2 may be cited as the "Missouri Economic Development and  
3 Infrastructure Investment Act".

4       2. For purposes of this section and section 393.1640, the following  
5 terms shall mean:

6           (1) "Commission", the public service commission;  
7           (2) "Electrical corporation", the same as defined in section  
8 386.020, but shall not include an electrical corporation regulated under  
9 chapters 386 and 393 but not subject to the commission's jurisdiction  
10 over its rates, financing, accounting, or management under subsection  
11 2 of section 393.110;

12           (3) "Qualifying electric plant", shall consist of all rate base  
13 additions except those rate base additions that increase revenues by  
14 allowing service to new customer premises;

15           (4) "Relevant period", a period starting on the date on which rate  
16 base additions are accounted for in developing an electrical  
17 corporation's revenue requirement in a general rate proceeding, and  
18 ending on the date on which rate base additions are accounted for in  
19 the electrical corporation's subsequent general rate proceeding, with  
20 the first relevant period starting on the effective date of this section.

21       3. (1) Notwithstanding any provisions of sections 393.130,

22 393.140, 393.150, 393.260, and 393.270 to the contrary, electrical  
23 corporations shall defer depreciation expense and return, calculated as  
24 provided for in this section, associated with all of the projects that  
25 constitute qualifying electric plant placed in service during each  
26 relevant period. The amounts so deferred shall be recorded to a  
27 separate regulatory asset account, and the balance in the regulatory  
28 asset account for the relevant period shall be included in the electrical  
29 corporation's rate base in each of the electrical corporation's general  
30 rate proceedings without any offset, reduction, or adjustment based  
31 upon consideration of any other factor, other than as provided for in  
32 subdivision (2) of this subsection and as limited by subsection 7 of this  
33 section. The expiration of this section shall not affect the continued  
34 inclusion in rate base and amortization after such expiration or  
35 determination of regulatory asset balances that arose under this  
36 section prior to such expiration or determination.

37 (2) The amounts deferred to regulatory asset accounts under this  
38 section shall be subject to adjustment to reflect any prudence  
39 disallowances ordered by the commission in the general rate  
40 proceeding in which the qualifying electric plant for which deferrals  
41 were recorded is first included in its rate base.

42 (3) The regulatory assets created under this section shall include  
43 carrying costs at the electrical corporation's weighted average cost of  
44 capital, plus applicable federal, state, and local income or excise taxes,  
45 from the electrical corporation's most recently completed general rate  
46 proceeding concluded prior to the relevant period, and shall be  
47 amortized and recovered in rates, subject to the limitations of  
48 subsection 7 of this section, beginning with the effective date of rates  
49 in the general rate proceeding where the regulatory asset account  
50 balance is first included in its rate base, over twenty years.

51 4. For purposes of calculating deferred depreciation expense and  
52 return under this section:

53 (1) Deferred depreciation expense shall equal the original cost  
54 of each project included in the qualifying electric plant placed in  
55 service during the relevant period less retirements of plant replaced by  
56 such qualifying electric plant, multiplied by the depreciation rate  
57 applicable to qualifying projects, calculated using the depreciation  
58 rates used to set rates in the electrical corporation's most recently

59 completed general rate proceeding concluded prior to the end of the  
60 relevant period;

61       (2) Deferred return shall equal the change in plant-related rate  
62 base during the relevant period multiplied by the electrical  
63 corporation's weighted average cost of capital used to determine the  
64 electrical corporation's revenue requirement in the electrical  
65 corporation's most recently completed general rate proceeding  
66 concluded prior to the relevant period, plus applicable federal, state,  
67 and local income or excise taxes. The change in plant-related rate base  
68 during the relevant period shall equal the sum of the original cost of all  
69 of the projects included in the qualifying electric plant placed in  
70 service during the relevant period less accumulated depreciation on  
71 such plant; and less the marginal increase in accumulated deferred  
72 income tax assets and liabilities, including deferred tax assets from net  
73 operating losses, attributable to such plant in the aggregate; and less  
74 the change in accumulated depreciation, excluding retirements, and the  
75 change in plant-related accumulated deferred income tax assets and  
76 liabilities, including deferred tax assets from net operating losses,  
77 attributable to such plant in the aggregate recorded during the  
78 relevant period arising from assets that were reflected in the electrical  
79 corporation's regulated rate base before the beginning of the relevant  
80 period.

81       (3) The electrical corporation shall perform the calculation of  
82 deferred depreciation and return under this subsection for all of the  
83 projects included in the qualifying electric plant placed in service  
84 during the relevant period and shall defer the calculated amounts  
85 monthly, with the qualifying projects to be deemed to have been placed  
86 in service on the fifteenth day of the month in which they were placed  
87 in service.

88       5. Depreciation expense and return from the end of any relevant  
89 period to the effective date of rates in the general rate proceeding  
90 where deferrals related to qualifying electric plant placed in service  
91 during that general rate proceeding are included in the electrical  
92 corporation's rate base, shall also be deferred on qualifying electric  
93 plant placed in service during that relevant period. The depreciation  
94 expense and return deferred under this subsection shall also be  
95 recorded to the regulatory asset account that will be included in the

96 electrical corporation's rate base in the electrical corporation's  
97 subsequent general rate proceeding, together with deferrals arising  
98 under subsection 3 of this section of depreciation expense and return  
99 for qualifying electric plant placed in service during the relevant  
100 period applicable to the electrical corporation's general rate  
101 proceeding.

102       6. In each general rate proceeding, the revenue requirement  
103 resulting from the inclusion of sums deferred to a regulatory asset  
104 account authorized under this section in rate base and the amortization  
105 of such a regulatory asset shall be allocated to each rate class in the  
106 same manner as the remainder of the change in the revenue  
107 requirement is allocated.

108       7. Notwithstanding the foregoing provisions of this section, the  
109 cumulative incremental increase in the electrical corporation's retail  
110 revenue requirement arising from incremental investments and  
111 regulatory assets authorized by this section shall not exceed the  
112 maximum retail revenue requirement impact. The "maximum retail  
113 revenue requirement impact" shall be determined in each general rate  
114 proceeding by multiplying one-tenth of one percent by the number of  
115 completed months between the date through which rate base additions  
116 were accounted for in the electrical corporation's most recently  
117 completed general rate proceeding before the effective date of this  
118 section and the date through which rate base additions are accounted  
119 for in each general rate proceeding when the maximum retail revenue  
120 requirement impact is determined. For purposes of this subsection,  
121 "incremental investments" shall be equal to the cumulative gross plant  
122 additions that exceed the adjusted average gross plant additions. Such  
123 "adjusted average gross plant additions" shall be determined by  
124 dividing the average gross plant additions reported in the electrical  
125 corporation's published financial statements for calendar years 2014,  
126 2015, and 2016 by twelve and then multiplying that quotient by the  
127 number of completed months between the date through which rate base  
128 additions were accounted for in the electrical corporation's most  
129 recently completed general rate proceeding before the effective date of  
130 this section and the date through which rate base additions are  
131 accounted for in each general rate proceeding when the maximum  
132 retail revenue requirement impact is determined. The incremental

133 increase in the electrical corporation's retail revenue requirement  
134 arising from incremental investments and the regulatory assets  
135 authorized by this section shall equal the sum of the total return on  
136 and amortization of the regulatory assets authorized by this section,  
137 and the depreciation and return on the incremental investments. If the  
138 incremental increase in the electrical corporation's retail revenue  
139 requirement arising from incremental investments and the regulatory  
140 assets authorized by this section in any general rate proceeding would  
141 otherwise exceed the maximum retail revenue requirement impact in  
142 that general rate proceeding, the regulatory asset to be included in rate  
143 base in that general rate proceeding shall not include any deferred  
144 depreciation or deferred return that would otherwise have been  
145 authorized by this section on the gross plant additions to be added to  
146 rate base in that general rate proceeding that caused such incremental  
147 increase to exceed the maximum retail revenue requirement  
148 impact. For purposes of the immediately preceding sentence, gross  
149 plant additions shall be deemed to occur in chronological order by the  
150 additions' in-service dates on the electrical corporation's books.

151       8. Beginning February twenty-eighth of the year after the year in  
152 which this section becomes effective, electrical corporations that defer  
153 depreciation expense and return authorized under this section shall  
154 submit to the commission a five-year capital investment plan setting  
155 forth the general categories of capital expenditures the electrical  
156 corporation will pursue in furtherance of modernizing and securing its  
157 infrastructure. The plan shall also include a specific capital investment  
158 plan for the first year of the five-year plan consistent with the level of  
159 specificity the electrical corporation has historically used for annual  
160 capital budgeting purposes. Project specific information is not required  
161 to be included for the five-year period covered by the plan. No later  
162 than February twenty-eighth of each subsequent year during which the  
163 electrical corporation is continuing to defer depreciation and expense  
164 and return as provided for by subsection 3 of this section, the electrical  
165 corporation shall submit to the commission an updated capital  
166 investment plan for the subsequent five years, a specific capital  
167 investment plan for the subsequent calendar year, and report the capital  
168 investments for the prior calendar year. Within thirty days of the filing  
169 of any capital investment plan or annual update to an existing plan, the

170 electrical corporation shall host a public stakeholder meeting to answer  
171 questions and receive feedback about the plan. The electrical  
172 corporation shall provide public notice of the meeting to its customers  
173 on its website, and the meeting shall be located within the electrical  
174 corporation's service territory. After feedback is received, the electrical  
175 corporation shall file a notice with the commission of any modifications  
176 to the capital investment plan it has accepted. The plan,  
177 implementation of the plan, or schedule changes from year to year shall  
178 not constitute evidence of imprudence of the capital investment plan or  
179 the investments made under such plan. The fact that the electrical  
180 corporation invests more or less than the amounts specified in its initial  
181 or updated plans shall not constitute evidence of imprudence. The  
182 submission made under this section shall be made publicly available;  
183 provided however, portions of the submission that contain confidential  
184 and proprietary information may be protected from public disclosure in  
185 a manner consistent with the rules or orders of the commission as  
186 applicable. Nothing in this section shall require the electrical  
187 corporation to publicly disclose confidential, proprietary, or financially  
188 sensitive information, any market sensitive information, or information  
189 that would otherwise violate rules promulgated by the Federal Energy  
190 Regulatory Commission designed to protect the integrity of wholesale  
191 power markets. The submission of a capital investment plan under this  
192 section shall not affect in any way the commission's authority with  
193 respect to the grant or denial of a certificate of convenience and  
194 necessity under section 393.170.

393.1410. 1. The provisions of section 386.020 defining words,  
2 phrases, and terms, shall apply to and determine the meaning of all such  
3 words, phrases, or terms as used in this section.

4 2. It shall be the policy of the state of Missouri for the commission  
5 to support expenditures by electrical corporations that maintain or  
6 improve the reliability, safety, security, or automation of electric  
7 infrastructure, including through the use of the latest technologies to  
8 meet the needs and expectations of customers. It shall also be the policy  
9 of the state of Missouri for the commission to approve rates designed to  
10 allow electrical corporations to recover their full cost of service and  
11 provide a reasonable opportunity to earn a fair return.

12 3. The commission may utilize rate adjustment mechanisms not

13 otherwise specifically authorized by statute including, but not limited  
14 to, mechanisms to promote modernization and replacement of an  
15 electrical corporation's infrastructure. The commission may also use  
16 partially forecasted test years, true-ups of revenue requirement  
17 components, tracking mechanisms, grid modernization incentive  
18 mechanisms, interim rates, performance-based rates, decoupling, or  
19 decisional pre-approval with post construction review of construction  
20 projects.

21       4. The public service commission is authorized to promulgate  
22 rules to implement the provisions of this section. Any rule or portion  
23 of a rule, as that term is defined in section 536.010 that is created under  
24 the authority delegated in this section shall become effective only if it  
25 complies with and is subject to all of the provisions of chapter 536, and,  
26 if applicable, section 536.028. This section and chapter 536 are  
27 nonseverable and if any of the powers vested with the general assembly  
28 pursuant to chapter 536, to review, to delay the effective date, or to  
29 disapprove and annul a rule are subsequently held unconstitutional,  
30 then the grant of rulemaking authority and any rule proposed or  
31 adopted after August 28, 2017, shall be invalid and void.

393.1600. 1. As used in this section, the following terms shall  
2 mean:

3       (1) "Electrical corporation", the same as defined in section  
4 386.020, but shall not include an electrical corporation regulated under  
5 chapters 386 and 393 but not subject to the commission's jurisdiction  
6 over its rates, financing, accounting, or management under subsection  
7 2 of section 393.110;

8       (2) "Processed solid biomass engineered fiber fuel", any fuel  
9 derived from raw biomass feedstock produced in this state that is  
10 changed from its original form by pyrolysis or other thermal or  
11 thermochemical conversion in a manufacturing process resulting in a  
12 solid fuel product with a heat value of at least eight thousand four  
13 hundred British Thermal Units per pound on an as received basis.

14       2. Any electrical corporation that incurs costs to modify such  
15 electrical corporation's owned fossil-fired generating plant located in  
16 Missouri solely to accommodate the test burn of a processed solid  
17 biomass engineered fiber fuel from Missouri-based products shall be  
18 allowed to timely reflect in its rates the prudently-incurred costs or

19 investments incurred or made for such modification.

20       3. Any electrical corporation that elects to test burn a processed  
21 solid biomass engineered fiber fuel in such electric utility's owned  
22 fossil-fired generating plant located in Missouri shall be allowed to  
23 timely reflect in its rates the prudently-incurred costs of the processed  
24 solid biomass engineered fiber fuel from Missouri-based products.

25       4. The total expenditures to be reflected in the rates of an  
26 electrical corporation for evaluating the feasibility of using processed  
27 solid biomass engineered fiber fuel from Missouri-based products shall  
28 not exceed two million dollars. The total additional expenditures to be  
29 reflected in the rates of an electrical corporation for Missouri-based  
30 fossil-fired generating plant modifications to accommodate the test burn  
31 of processed solid biomass engineered fiber fuel shall not exceed ten  
32 million dollars.

393.1610. 1. The commission shall permit an electrical  
2 corporation to recover costs incurred for projects to deploy electrical  
3 generation, distribution, or transmission technology or equipment with  
4 which the electrical corporation has little or no operational experience,  
5 including but not limited to projects involving renewable generation,  
6 microgrids, and energy storage, with recovery allowed without a  
7 demonstration by the electrical corporation that the technology or  
8 equipment represents the least cost alternative; provided however, that  
9 any such project:

10           (1) Is designed to advance the electrical corporation's operational  
11 knowledge of deploying such technology or equipment or otherwise  
12 produces beneficial knowledge or experience;

13           (2) Is executed in a prudent manner; and

14           (3) Increases the electrical corporation's gross rate base by no  
15 more than one percent as of the time investments made under this  
16 section are included in rate base for ratemaking purposes.

17       2. The requirements of section 393.170 shall not apply to the  
18 construction by an electrical corporation of a renewable energy  
19 generation unit that has a capacity of 1 megawatt or less. For purposes  
20 of this section, "electrical corporation" shall mean the same as defined  
21 in section 386.020, but shall not include an electrical corporation  
22 regulated under chapters 386 and 393 but not subject to the

23 commission's jurisdiction over its rates, financing, accounting, or  
24 management under subsection 2 of section 393.110.

393.1640. 1. Subject to the limitations provided for in subsection  
2 5 of this section, an electrical corporation shall make available an  
3 economic development rider to customers served under its large power  
4 service rate schedule that add incremental demand of at least five  
5 hundred kilowatts after November 1, 2016, and that meet either of the  
6 following criteria:

7 (1) Demand at a single premises greater than fifteen megawatts  
8 and an annual load factor of at least fifty-five percent; or

9 (2) Aggregated large power service demands of greater than  
10 thirty megawatts at up to five separate premises served by the electrical  
11 corporation.

12 The rider shall provide that the increases in electric service billing  
13 units by any such customer related to such incremental demand shall  
14 qualify for a special electric rate. The special rate shall be fifty-eight  
15 percent of the cents per kilowatt-hour realization derived from  
16 application of all rate components to the customer's load prior to the  
17 increase in electric service billing units plus ten percent of the  
18 remainder of such cents per kilowatt-hour realization and shall be  
19 applied to the electric bill related to such incremental load from the  
20 date when the meter has been permanently set until the earlier of the  
21 date that the customer's incremental load no longer exceeds the  
22 minimum incremental demand or no longer meets the fifty-five percent  
23 annual load factor, if applicable; provided however, that the discounts  
24 shall not extend beyond the date this section expires. The incremental  
25 demand to which a discount under this subsection applies shall not  
26 receive a discount under subsection 4 of this section.

27 2. Subject to the limitations provided for in subsection 5 of this  
28 section, a large power service account that is new to the electrical  
29 corporation's system after November 1, 2016, with demand greater than  
30 fifteen megawatts and an annual load factor of at least fifty-five percent  
31 shall qualify for a discount of twenty percent on all rate elements of the  
32 electric bill from the date when the meter has been permanently set  
33 until the earlier of the date that the customer's load no longer exceeds  
34 the minimum fifteen megawatts demand or no longer meets the fifty-five  
35 percent annual load factor; provided however, that the discounts shall

36 not extend beyond the date this section expires. A new account to which  
37 a discount under this subsection applies shall not receive a discount  
38 under subsection 4 of this section.

39       3. Subject to the limitations provided for in subsection 5 of this  
40 section, an electrical corporation shall make available an economic  
41 development rider to customers served under its large power service  
42 rate schedule that added incremental demand of at least five hundred  
43 kilowatts on or prior to November 1, 2016, are being served under an  
44 existing economic development rider on the effective date of this  
45 section, and that meet either of the following criteria:

46       (1) Demand at a single premises greater than fifteen megawatts  
47 and an annual load factor of at least fifty-five percent; or

48       (2) Aggregated large power service demands of greater than  
49 thirty megawatts at up to five separate premises served by the electrical  
50 corporation.

51 The rider shall provide that the incremental increases in electric service  
52 billing units by any such customer related to such incremental demand  
53 taken under an existing economic development rider on the effective  
54 date of this section shall qualify for a discount of twenty percent on all  
55 rate elements of the electric bill related to such incremental load from  
56 the effective date of this section until the earlier of the date that the  
57 customer's incremental load no longer exceeds the minimum  
58 incremental demand or no longer meets the fifty-five percent annual  
59 load factor, if applicable; provided however, that the discounts shall not  
60 extend beyond the date this section expires. The rider shall also  
61 provide that the discount provided under the existing economic  
62 development rider shall terminate effective with the effectiveness of the  
63 discount provided under this subdivision. The incremental demand to  
64 which a discount under this subsection applies shall not receive a  
65 discount under subsection 4 of this section.

66       4. Subject to the limitations provided for in this subsection and  
67 subsection 5 of this section, an electrical corporation shall make  
68 available an economic retention and development rider available to  
69 customers served under its large power service rate schedule if the  
70 customer meets either of the following criteria:

71       (1) The customer has a demand on a single account greater than  
72 forty megawatts and an annual load factor of at least eighty percent; or

73       (2) The customer has an aggregated large power service demands  
74 with a service delivery voltage of thirty-four and one-half kilovolts or  
75 higher of greater than forty megawatts through seven or more separate  
76 accounts served by the electrical corporation.

77 The economic retention and development rider required by this  
78 subsection shall provide for a discount of fifteen percent on all rate  
79 elements of the large power service rate schedule, as those rate  
80 elements appeared on January first of the year in which the customer  
81 became eligible for the economic retention and development rider, with  
82 the discount to start on the first day of the billing cycle month following  
83 the later of the effective date of this section or the date the customer  
84 became eligible and continuing, without regard to any increases that  
85 might occur in the large power service rate schedule rate elements,  
86 until the date that the customer's load or load factor no longer exceed  
87 the minimums provided for in this subsection; provided however, that  
88 the discounts shall not extend beyond the date this section expires.

89       5. The reduced revenues arising from the discounts provided by  
90 subsections 1, 2, 3, and 4 of this section shall be borne by the electrical  
91 corporation's customer classes other than its large power service class  
92 by allocating the impact of the reduced revenues to such customer  
93 classes through a uniform percentage adjustment to all elements of the  
94 base rates of all such customer classes. To qualify for the discounted  
95 rates provided for in this section, customers shall meet the applicable  
96 criteria at the time the meter is permanently set and annually  
97 thereafter, in the case of the discounts provided for in subsections 1, 2,  
98 or 3, and at the later of the effective date of this section or the date the  
99 customer became eligible and annually thereafter, in the case of  
100 subsection 4. In the case of the discounts provided for by subsections  
101 1, 2, 3, or 4 of this section, whether a customer continues to meet the  
102 applicable criteria annually thereafter shall be determined at the end  
103 of each calendar year based on metering data for such calendar year. If  
104 such data indicates that the customer did not meet the criteria for such  
105 calendar year, it shall thereafter no longer qualify for the discounted  
106 rate.

393.1650. 1. For purposes of this section, the following terms shall  
2 mean:

3           (1) "Commission", the Missouri public service commission  
4 established under section 386.040;

5           (2) "Electrical corporation", a corporation with more than one  
6 million retail electric customers that otherwise meets the definition of  
7 "electrical corporation" in section 386.010.

8           2. Electrical corporations shall develop a qualification process  
9 and make such process open to all contractors seeking to provide  
10 construction and construction-related services for projects on the  
11 electrical corporation's distribution system. Contractors shall have the  
12 opportunity to register on the electrical corporation's vendor  
13 registration site and be evaluated for bid opportunities. Under the  
14 qualification process, electrical corporations may specify eligibility  
15 requirements typically accepted by the industry, including but not  
16 limited to, experience, performance criteria, safety policies, and  
17 insurance requirements to be met by any contractor seeking to  
18 participate in competitive bidding to provide construction and  
19 construction-related services for distribution system projects, and the  
20 electrical corporation shall not weight any contractor favorably or  
21 unfavorably due to affiliation with a labor organization or union, except  
22 where the work is being performed pursuant to a union-only project  
23 labor agreement which requires that participating contractors use union  
24 represented labor. Contractors that meet the eligibility requirements  
25 set by electrical corporations shall be eligible to participate in the  
26 competitive bidding process for providing construction and  
27 construction-related services for distribution system projects, and the  
28 contractor making the lowest and best bid shall be awarded such  
29 contract.

30           3. Within thirty days after the effective date of this section,  
31 electrical corporations shall file a verified statement with the  
32 commission confirming that it has in place a qualification process for  
33 the competitive bidding of construction and construction-related  
34 services for distribution system projects, and that such process  
35 conforms with the requirements of this section. The commission shall  
36 have the authority to verify the statement to ensure compliance with  
37 this section. If the electrical corporation files a general rate  
38 proceeding, it shall submit concurrently with its submission of the rate  
39 schedules that initiate such general rate proceeding a verified statement

40 confirming that it is using the qualification process for the competitive  
41 bidding of construction and construction-related services for  
42 distribution system projects required by this section for no less than ten  
43 percent of the combined external installation expenditures made by the  
44 electrical corporation's operating units in Missouri for construction and  
45 construction-related services for distribution system projects, and that  
46 such process conforms with the requirements set forth in this  
47 section. The commission shall have the authority to verify the statement  
48 to ensure compliance with this subsection.

49       4. Nothing in this section shall be construed as requiring any  
50 electrical corporation, subject to the requirements of this section, to use  
51 a qualified contractor or competitive bidding process in the case of an  
52 emergency project, or to terminate any existing contract with a  
53 contractor prior to its expiration; provided however, that the use of any  
54 pre-existing contract for construction or construction-related services  
55 for distribution system projects shall not qualify as fulfilling the ten  
56 percent requirement set forth in subsection 3 of this section. For  
57 contractors not qualifying through the competitive bid process, the  
58 electrical corporation, upon request from the contractor, shall provide  
59 information from the process in which the contractor can be informed  
60 as to how to be better positioned to qualify for such bid opportunities  
61 in the future.

62       5. By December 31, 2019, and annually thereafter, the commission  
63 shall submit a report to the general assembly on the effects of this  
64 section, including electrical corporation compliance, potential  
65 legislative action regarding this section, the costs of constructing  
66 distribution system projects prior to the implementation of this section  
67 compared to after the implementation of this section, and any other  
68 information regarding the processes established under this section that  
69 the commission deems necessary.

393.1660. Sections 393.1400, 393.1600, 393.1640, and 393.1650 expire  
2 on December 31, 2027, except to the extent expressly provided.