

SECOND REGULAR SESSION

SENATE BILL NO. 1277

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATORS SCOTT, SMITH, JUSTUS, CALLAHAN, GREEN, COLEMAN, WILSON, KOSTER, KENNEDY,
SHOEMYER, McKENNA, SHIELDS, BARTLE AND PURGASON.

Read 1st time February 28, 2008, and ordered printed.

5122S.01I

TERRY L. SPIELER, Secretary.

AN ACT

To amend chapter 393, RSMo, by adding thereto one new section relating to energy efficiency investments by electric and gas corporations.

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

Section A. Chapter 393, RSMo, is amended by adding thereto one new
2 section, to be known as section 393.1124, to read as follows:

**393.1124. 1. The commission shall have the authority to review
2 and approve energy efficiency programs proposed by electric and gas
3 corporations under this section. All energy efficiency proposals or
4 investments offered or agreed upon by the corporation and approved
5 by the commission shall be set forth in the corporation's tariffs and
6 shall be subject to continuing review by the commission. Such
7 programs may be implemented if they are reasonably designed to be
8 cost-effective or in the best interest of customers. Such programs may
9 be terminated at any time by the commission on its own motion or at
10 the request of the gas or electric corporation or any other proper party
11 for good cause shown, provided that all program costs prudently
12 expended by the corporation in compliance with the terms of such
13 programs are recovered under the provisions set forth in subsection 2
14 of this section. All energy efficiency proposals shall be reviewed by the
15 commission and re-approved by the commission if they are to continue
16 to be in effect after their expiration date, if any, unless the tariffs
17 authorizing such provide otherwise. All energy efficiency proposals
18 shall be implemented within a period no later than six months of the
19 effective date of the new tariff authorizing such, unless a different term**

20 is defined in the corporation's tariff.

21 2. The commission shall authorize electric and gas corporations
22 to recover all prudently incurred expenditures made by the corporation
23 for approved energy efficiency programs in the rates charged by the
24 corporation. The commission may exempt allocation of such
25 expenditures to low-income and senior citizen classes, as defined in an
26 appropriate rate proceeding, as a sub-class of residential
27 service. Notwithstanding any other statute or commission rules, this
28 section explicitly provides the commission authority to approve low-
29 income and senior citizen tariffs. To the extent expenditures are not
30 allocated to or recovered from the low-income and senior citizen sub-
31 classes, these expenditures shall be allocated to and recovered from the
32 broader remaining residential service classes. The commission may
33 authorize such expenditures to be recovered in rates as an ongoing
34 expense item, or as a rate base item, provided that any program costs
35 made by a corporation pursuant to an approved energy efficiency
36 program shall be treated and recovered as a rate base item and shall
37 accumulate carrying costs at the corporation's short-term borrowing
38 rate until such time as the investment is included in the corporation's
39 rate base in its next general rate case proceeding. At a minimum, such
40 investment shall be included in a rate base in the same manner as other
41 rate base items, provided, if it is determined to be prudent, the
42 commission shall have the authority to approve specific incentive
43 recovery models that are determined to be in the best interests of
44 customers. The commission shall presume a ten-year service life for
45 such investments, unless a different term is defined in the corporation's
46 tariff.

47 3. Nothing herein shall preclude the approval of energy
48 efficiency programs that are not cost-effective if the costs of the
49 program above the level determined to be cost-effective are funded by
50 the customers participating in the program or through tax or other
51 governmental credits or incentives specifically designed for that
52 purpose.

53 4. The commission shall provide oversight and may adopt rules
54 and procedures and approve corporation-specific settlements and tariff
55 provisions, as necessary, to ensure that electric and gas corporations

56 can achieve the goals of this section. Further, the commission may
57 approve or select a consultant to assist in design, pre-implementation
58 evaluation, and post-implementation evaluation of energy efficiency
59 investments.

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