

Substantive Differences between SCS/SB 1028 and SS/HCS/HB 2689
Ratemaking for Public Utilities

Concept	SCS/SB 1028 (2016) Senate Committee Version (LR 62935.07C)	SS/HCS/HB 2689 (2016) Senate Floor Version (LR 67785.05F)
Net Metering (\$386.891)	<ul style="list-style-type: none"> Required electric utilities to make net metering available until the total generating capacity of net metering systems equaled 5% of the utility's peak load For all excess energy generated, customers are credited for the avoided fuel cost 	<ul style="list-style-type: none"> Required electrical corporations to make net metering available until the total generating capacity of net metering systems equaled 7% of the utility's peak load For all excess energy generated, customers are billed for appropriate customer charges and credited an amount at least equal to the avoided fuel cost
	<ul style="list-style-type: none"> Interconnection applications have to be processed within 60 days for all electric utilities for systems greater than 10kW 	<ul style="list-style-type: none"> Interconnection applications have to be processed within 60 days for electrical corporations, and within 90 days for municipal utilities and cooperatives, for systems greater than 10kW. Electrical corporations are required to interconnect qualified systems within 45 days of being notified of an installed system
MEEIA (\$393.1030)		<ul style="list-style-type: none"> Requires the PSC and DED to complete a study on the impact of distributed generation to the General Assembly within 24 months Repeals a provision prohibiting electrical corporation customers that receive either a low-income housing or historic preservation tax credit from being eligible to participate in any demand-side program offered by an electrical corporation if such program offers a monetary incentive
Agricultural Impact Mitigation Agreements (\$393.1200)		<ul style="list-style-type: none"> Authorizes the MDA to enter into agricultural impact mitigation agreements with owners of electric transmission lines located on private property

21st Century Grid Modernization & Security Act (§393.1500 to 393.1575)

<p>Policy Statement (§393.1505)</p>	<ul style="list-style-type: none"> An electrical corporation's revenue requirement shall be based on the FERC Form 1, ensuring that only MO jurisdictional costs are recovered 	<ul style="list-style-type: none"> An electrical corporation's revenue requirement shall be based on the FERC Form 1, and making adjustments to the FERC Form 1 as necessary, to ensure that only accurately recorded, prudently incurred, and properly allocated MO jurisdictional costs are recovered
<p>Definitions (§393.1510)</p>	<ul style="list-style-type: none"> "Force majeure event": an event or circumstance that occurs as a result of a weather event, an act of God, war or terrorism, or other uncontrollable event, as approved by the PSC 	<ul style="list-style-type: none"> "Force majeure event": an event or circumstance that occurs as a result of a weather event, an act of God, war or terrorism, a change in federal or state regulations addressing renewable energy resources, or other uncontrollable event, as approved by the PSC
<p>Competitive Bidding (§393.1515)</p>	<ul style="list-style-type: none"> All electrical corporations participating in PBR have to establish a process to qualify third-party vendors to provide services and bid on electrical distribution construction and maintenance projects 	<ul style="list-style-type: none"> In order to participate in PBR under this act, Ameren would have to establish a qualification process for construction contractors, and such contractors shall be eligible to compete in a bidding process for construction-related services for distribution projects
<p>Return on Equity – ROE (§393.1520)</p>	<ul style="list-style-type: none"> 9.45%, adjusted to reflect the difference in U.S. Treasury Bond yields in the historical rate year and the average 30-year bond yields for the 12 months ending 12-31-15 	<ul style="list-style-type: none"> 9.45%, adjusted to reflect the difference in U.S. Treasury Bond yields in the historical rate year and the average 30 year bond yields for the 3 months ending 3-31-16, with such difference adjusted by certain correlation factors: For 1% change, there shall be a 100% correlation factor, but for any percent change over 1%, there shall only be a 70% correlation factor
<p>Performance Based Rates – PBR (§393.1525)</p>	<ul style="list-style-type: none"> So long as a participating corporation maintains a capital structure between 47%-53% total capitalization, it shall be presumed prudent 	<ul style="list-style-type: none"> So long as a participating corporation maintains a capital structure between 47%-53% total capitalization, it shall be presumed prudent, except prudence shall not be presumed if an electrical corporation's senior secured debt rating declines, or a national credit ratings agency issues a rating below investment grade

		<ul style="list-style-type: none"> The electrical corporation shall file final data based on its FERC Form 1...to ensure that only prudently incurred costs of providing retail electric service are recovered 	<ul style="list-style-type: none"> The electrical corporation shall file final data based on its FERC Form 1,... and making adjustments to the FERC Form 1 as necessary, to ensure that only accurately recorded, prudently incurred, and properly allocated MO jurisdictional costs are recovered
		<ul style="list-style-type: none"> Customers receiving service under the large power service rate schedule, increases shall be limited to the class cost of service, with the difference in revenue determination for such class distributed equally amongst all other customer classes 	<ul style="list-style-type: none"> Customers receiving service under the large power service rate schedule, increases shall be limited to the class cost of service, with the difference in revenue determination for such class distributed equally amongst all other customer classes beginning with the electrical corporation's second PBR filing For the period between the effective date of the act until rates become effective in the corporation's 2nd PBR filing, any difference in large power service customers' revenue determination due to such limitation shall be deferred and recoverable through PBR rates Requires electrical corporations to make available an economic development rider to large power service customers that meet certain criteria. Reduced revenues due to such riders shall be borne by all other customer classes equally
Annual Update Filings (\$393.1530)		<ul style="list-style-type: none"> The PSC shall have the authority to review the prudence of the actual costs incurred by the electrical corporation to be used in the reconciliation of cost of service, and nothing in this section is intended to prevent the commission from reviewing a participating electrical corporation's books, records, and accounts in order to ensure that only prudently incurred costs of providing retail electric service are recovered 	<ul style="list-style-type: none"> The PSC shall have the authority to review the prudence of the actual costs incurred by the electrical corporation to be used in the reconciliation of cost of service, and nothing in this section is intended to prevent the commission from reviewing a participating electrical corporation's books, records, and accounts, and making such adjustments to the FERC Form 1 to ensure that only accurately

		recorded, prudently incurred, and properly allocated MO jurisdictional costs are recovered
PBR Limitations (\$393.1540)	<ul style="list-style-type: none"> Annual increase limitation is 4.75% Average annual increase limit is 3.5% 	<ul style="list-style-type: none"> Annual increase limitation is 4.5% Average annual increase limit is 3.25%, compounded annually
	<ul style="list-style-type: none"> Any amount carried forward shall not exceed 4.75% of the corporation's revenue requirement 	<ul style="list-style-type: none"> Any amount carried forward shall not exceed 4.5% of the corporation's revenue requirement
		<ul style="list-style-type: none"> If during the first year an annual increase limit is calculated, the revenue requirement used to set rates in a general rate proceeding prior to PBR included an allocation of cost of service to an aluminum smelting facility taking service, such allocation shall be removed from the corporation's based revenue requirement for purposes of calculating the increase limit Outside of the limit: <ul style="list-style-type: none"> Ameren environmental costs equal to 9% of their net plant in service Empire and KCPL environmental costs equal to 5% of their net plant in service Empire's costs to build, produce, or acquire renewable energy resources
Suspension of Rate Adjustment Mechanisms (\$393.1545)		<ul style="list-style-type: none"> If requested by the electrical corporation, the PSC shall authorize a tracker to permit recovery of solar rebate costs
Aluminum Smelting Facilities (\$393.1580)	<ul style="list-style-type: none"> The aluminum smelter rate shall be set at the global average price, and discounted based upon third party transmission or wheeling services 	<ul style="list-style-type: none"> The aluminum smelter rate shall be set at a rate agreed upon by the smelter and electrical corporation
Renewable Energy (\$393.1590)	<ul style="list-style-type: none"> Contains a policy statement to encourage electrical corporations to make investments in renewable energy resources, and requires the electrical corporation to file a renewable investment plan 	<ul style="list-style-type: none"> Requires electrical corporation's to invest at least 2.5% of their annual revenue requirement in utility-owned solar facilities. If recovery of such costs would exceed a 1% maximum average retail rate increase, such recovery shall

		<p>be deferred to a regulatory asset, and recovered either through performance-based rates or a rate adjustment mechanism</p>
Solar Rebates (\$393.1600)	<ul style="list-style-type: none"> • KCPL and Ameren have to make available solar rebates for new or expanded systems up to 100kW 	<ul style="list-style-type: none"> • KCPL and Ameren have to make available solar rebates for new or expanded systems up to 150kW
	<ul style="list-style-type: none"> • KCPL and Ameren can suspend solar rebates once they reach 2% of their annual revenue requirement, or that exceed 0.5% in any 12-month period 	<ul style="list-style-type: none"> • KCPL and Ameren can suspend solar rebates once they reach 2.5% of their annual revenue requirement, or that exceed 1.25% in any 12-month period

