

SECOND REGULAR SESSION

HOUSE BILL NO. 2422

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES HOLSMAN (Sponsor), STORCH, HUGHES, TALBOY, ROORDA, BLAND, GEORGE, VOGT, CURLS, SKAGGS, LeVOTA, MEINERS, WALSH, VILLA, DAUS, CASEY, LOW (39), BURNETT, GRILL, RUCKER, WILDBERGER AND YATES (Co-sponsors).

Read 1st time March 12, 2008 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

5474L.011

AN ACT

To amend chapter 386, RSMo, by adding thereto one new section relating to the public service commission.

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

Section A. Chapter 386, RSMo, is amended by adding thereto one new section, to be known as section 386.385, to read as follows:

386.385. 1. The commission shall provide oversight and may adopt rules and procedures and approve corporation-specific settlements and tariff provisions, as necessary, to ensure that electric and gas corporations can achieve the goals of this section. The commission may approve or select a consultant to assist in design, pre-implementation evaluation, and post-implementation evaluation of energy efficiency investments.

2. All energy efficiency proposals or investments offered or agreed upon by the corporation and approved by the commission shall be set forth in the corporation's tariffs and shall be subject to continuing review by the commission. Such programs may be implemented if the programs are reasonably designed to be cost-effective and in the best interest of the customers. Such programs may be terminated at any time by the commission on its own motion or at the request of the gas or electric corporation or any other proper party for good cause shown, provided that all approved energy efficiency programs prudently expended by the corporation in compliance with the terms of such

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

14 programs are recovered under the provisions set forth in subsection 3 of this section. All
15 energy efficiency proposals shall be reviewed by the commission and reapproved by the
16 commission if such programs are to continue to be in effect after its expiration date, if any,
17 unless the tariffs authorizing such provide otherwise. All energy efficiency proposals shall
18 be implemented within a period no later than six months of the effective date of the new
19 tariff authorizing such, unless a different term is defined in the corporation's tariff.

20 3. The commission shall authorize electric and gas corporations to recover all
21 prudently incurred expenditures made by the corporation for approved energy efficiency
22 programs in the rates charged by the corporation. The commission may authorize such
23 expenditures to be recovered in rates as an ongoing expense item or as a rate base item
24 provided that any capital expenditures made by a corporation under an approved energy
25 efficiency program shall be treated and recovered as a rate base item and shall accumulate
26 carrying costs until such time as the investment is included in the corporation's rate base
27 in its next general rate case proceeding. At a minimum, such investment shall be included
28 in rate base in the same manner as other rate base items; provided, if it is determined to
29 be prudent, the commission shall have the authority to approve specific incentive recovery
30 models that are determined to be in the best interest of customers. The commission shall
31 presume a ten-year service life for such investments, unless a different term is defined in
32 the corporation's tariff.

33 4. Nothing herein shall preclude the approval of energy efficiency programs that
34 are not cost-effective if the costs of the program above the level determined to be cost-
35 effective are funded by the customers participating in the program or through tax or other
36 governmental credits or incentives specifically designed for that purpose.

37 5. The commission shall promulgate rules to implement the provisions of this
38 section. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo,
39 that is created under the authority delegated in this section shall become effective only if
40 it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if
41 applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable
42 and if any of the powers vested with the general assembly under chapter 536, RSMo, to
43 review, to delay the effective date, or to disapprove and annul a rule are subsequently held
44 unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted
45 after August 28, 2008, shall be invalid and void.

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