

EMERGING ISSUES

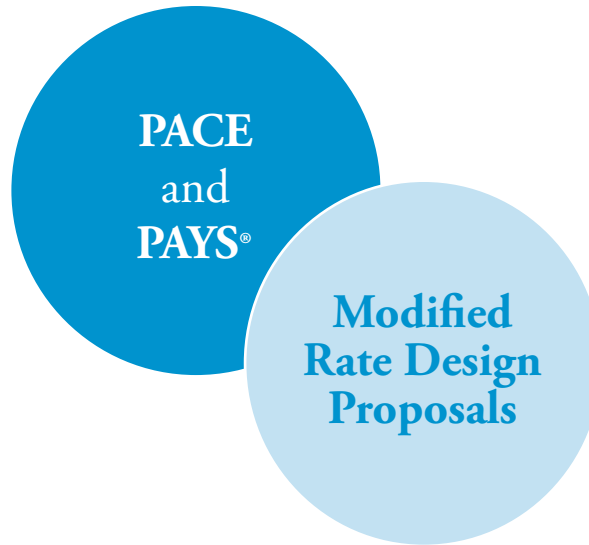
New advancements in technology and changes in law make utility regulation an ever evolving environment. To keep pace with these changes, the Commission has held multiple workshops to explore emerging areas of interest – the solar landscape and distributed energy resources; the installation of advanced metering infrastructure; Property Assessed Clean Energy (PACE) and Pay as You Save® (PAYS)® - financing options designed to assist ratepayers with energy efficiency; modified rate design proposals; and, options for a competitive market for plug-in electric vehicles. The Commission, its Staff and interested stakeholders also monitor similar activities in other states and participate in national discussions on emerging issues.

Missouri utilities are faced with the need to automate operations to adapt to changing customer needs. New technology and automation can provide potential benefits to utilities and ratepayers through such avenues as the ability to resolve service issues more quickly, reduce duration of power outages or respond to customer questions in a more timely manner. In a July 2017 report, Staff recommended additional workshops to further explore these important emerging issues.

Another key area of interest is the Commission's involvement in cybersecurity and infrastructure security. The need for critical infrastructure (CI) security is nothing new. What is new is the number and sophistication of the threats that utility providers face on a regular basis. To protect against those threats, many organizations undertake the

continuous challenge of ensuring the use of security best practices for utilities. For example, the North American Electric Reliability Corporation (NERC) does a great job of ensuring the security of the bulk electric power system. However, for the electric distribution system, that responsibility falls to utilities in partnership with state and local governments.

Taking an active approach to emerging issues

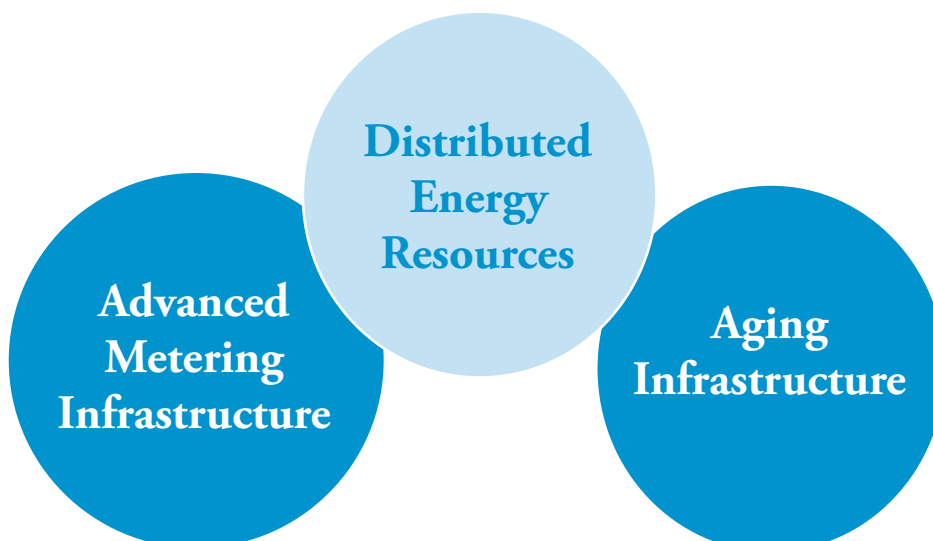


The Commission is involved in that state level effort to understand and improve CI security at utilities that serve Missouri residents. To that end, a workshop was held at the Commission in July to discuss current CI security issues. Four panels of experts presented on current security topics which elicited very useful discussion amongst the attendees. Three of those topics were: the safeguarding of CI that may be shared with the Commission; the development of utility customer focused security measures and metrics; and hazards as they relate to emergency response at all Missouri utilities.

While shielding CI information from “sunshine law” disclosures in Missouri is possible, the language prohibiting disclosure can be made more specific. The

Commission and its Staff are working on a legislative proposal to more specifically shield the public release of both cyber and physical security information concerning CI. Further discussion with interested parties will enable the language to be reviewed and make known each parties’ position on the proposal.

Many metrics are utilized for evaluating the state of security that are not utility customer-centric but utility security-centric. One such measure is the number of phishing emails received. This measure is important but does not directly relate to the number or duration of utility disruptions. Development of utility customer-centric measures will help the Commission measure security improvement at utilities and assess the prudence of security



investments. The PSC is working with the Federal Energy Regulatory Commission (FERC) on this issue.

The Commission is also working to update both the energy and communications sector state emergency response plans. As the lead agency for energy sector emergency response, the PSC is responsible for informing the State Emergency Management Agency (SEMA) of the number, type, and anticipated duration of utility outages across the state. The PSC is investigating a new effort by the Department of Energy (DOE) which aggregates nationwide utility outages and affords users not only a statewide picture of utility disruptions, but also a nationwide picture which may inform the PSC of other pressures on emergency response resources needed in Missouri.

Finally, the Commission plays an active role in monitoring legislative action related to utility regulation.

On May 18, 2017, Governor Eric Greitens announced a special session with the stated purpose of bringing a steel mill and other projects to the state of Missouri. The special session began on Monday, May 22, with several bills proposed in

both the House and the Senate throughout the week. By Friday, May 26, House Bill 1 had passed both the House and Senate and was signed by Governor Greitens on June 15. House Bill 1 contained an emergency clause, meaning it became law on the day of signing.

House Bill 1, which is now Sections 393.355 and 393.356 RSMo, grants the Commission authority to approve a special electric rate for qualifying facilities – aluminum smelters, steel mills, and some large consumers with new or incremental increases in energy demand – outside of a general rate case. According to the newly implemented statutes, the special rate does not have to be based on the electric corporation's cost to serve the qualifying facility. The statutes further detail what party may apply for a special rate, what findings the Commission must make to approve a special rate, and how the special rate would be accounted for in future ratemakings.

For more information on any of these key topics, contact the Commission's **Consumer Services Hotline** at (800) 392-4211.

