# Rules of Department of Economic Development

## Division 240—Public Service Commission

### Chapter 14—Utility Promotional Practices

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Chapter 14—Utility Promotional Practices

4 CSR 240-14.010 General Provisions

PURPOSE: This rule sets forth the general provisions of and defines the terms used in 4 CSR 240-14—Utility Promotional Practices.

(1) This rule and the other rules contained in this chapter govern promotional practices of all gas and electric utilities under the jurisdiction of the Public Service Commission.

(2) On written application by a utility the commission may grant variances from the rules contained in this chapter for good cause shown. The utility filing the application shall show proof of service of a copy of the application on each public utility providing the same or competing utility service in all or any portion of the service area of the filing utility.

(3) Nothing contained in the rules of this chapter shall be construed to prohibit or restrict any industrial development or Missouri Community Betterment Program activities by any utility.

(4) Nothing contained in this chapter shall be construed to prohibit market research studies, pilot programs, test marketing programs or other activities to evaluate the cost-effectiveness of potential demand-side resources.

(5) Nothing contained in this chapter shall be construed to prohibit the provision of consideration that may be necessary to acquire cost-effective demand-side resources.

(6) The following terms, when used in this chapter, shall have the following meanings:

(A) Affiliate shall include any person who, directly or indirectly, controls or is controlled by or is under common control with a public utility;

(B) Appliance or equipment shall mean any device which consumes electric or gas energy and any ancillary device required for its operation;

(C) Consideration shall be interpreted in its broadest sense and shall include any cash, donation, gift, allowance, rebate, discount, bonus, merchandise (new or used), property (real or personal), labor, service, conveyance, commitment, right or other thing of value;

(D) Cost-effective means that the present value of life-cycle benefits is greater than the present value of life-cycle costs to the provider of an energy service;

(E) Demand-side resource means any inefficient energy-related choice that can be influenced cost-effectively by a utility. The meaning of this term shall not be construed to include load-building programs;

(F) Energy service means the need that is served or the benefit that is derived by the ultimate consumer’s use of energy;

(G) Financing shall include acquisition of equity or debt interests, loans, guarantees of loans, advances, sale and repurchase agreements, sale and leaseback agreements, sales on open account, conditional or installment sales contracts or other investments or extensions of credit;

(H) Inefficient energy-related choice means any decision that causes the life-cycle cost of providing an energy service to be higher than it would be for an available alternative choice;

(I) Life-cycle means the expected useful lifetime of appliances, equipment or buildings;

(J) Load-building program means an organized promotional effort by a utility to persuade energy-related decision makers to choose the form of energy supplied by that utility instead of other forms of energy for the provision of energy service or to persuade customers to increase their use of that utility’s form of energy, either by substituting it for other forms of energy or by increasing the level or variety of energy services used. This term is not intended to include the provision of technical or engineering assistance, information about filed rates and tariffs or other forms of routine customer service.

(K) Person shall include any individual, group, firm, partnership, corporation, association or other organization;

(L) Promotional practices shall mean any consideration offered or granted by a public utility or its affiliate to any person for the purpose, express or implied, of inducing the person to select and use the service or use additional service of the utility or to select or install any appliance or equipment designed to use the utility service, or for the purpose of influencing the person’s choice or specification of appliances, equipment, buildings, utilization patterns or operating procedures. The term promotional practices shall not include the following activities:

1. Making any emergency repairs to appliances or equipment of customers;

2. Providing appliances or equipment incidental to demonstrations of sixty (60) days or less in duration;

3. Providing light bulbs, street or outdoor lighting service, wiring, service pipe or other service equipment or appliances, in accordance with tariffs filed with and approved by the commission;

4. Providing appliances or equipment to an educational institution for the purpose of instructing students in the use of the appliances or equipment;

5. Merchandising appliances or equipment at retail and, in connection therewith, the holding of inventories, making and fulfillment of reasonable warranties against defects in material and workmanship existing at the time of delivery and financing; provided that the merchandising shall not violate any prohibition contained in 4 CSR 240-14.020;

6. Inspecting and adjusting of appliances or equipment by a public utility;

7. Repairing and other maintenance to appliances or equipment by a public utility if charges are at cost or above;

8. Providing free or below-cost energy audits or other information or analysis regarding the feasibility and cost-effectiveness of improvements in the efficiency characteristics of appliances, equipment, buildings, utilization patterns or operating procedures;

9. Offering to present or prospective customers by a public utility technical or engineering assistance; and

10. Advertising or publicity by a public utility which is under its name and on its behalf and which does not in any manner, directly or indirectly, identify, describe, refer to, mention or relate to any architect, builder, engineer, subdivider, developer or other similar person, or which mentions no less than three (3) existing projects, developments or subdivisions.

(M) Public utility or utility shall mean any electrical corporation or gas corporation as defined in section 386.020, RSMo; and


4 CSR 240-14.020 Prohibited Promotional Practices

PURPOSE: This rule sets forth those promotional practices of gas and electric utilities which are prohibited by the Public Service Commission.

(1) No public utility shall offer or grant any of the following promotional practices for the purpose of inducing any person to select and use the service or use additional service of the utility:

(A) The financing of real property, including the construction of any building, when the property is not owned or otherwise possessed by the utility or its affiliate;

(B) The furnishing of consideration to any architect, builder, engineer, subdivider, developer or other person for work done or to be done on property not owned or otherwise possessed by the utility or its affiliate, except for studies to determine comparative capital costs and expenses to show the desirability or feasibility of selecting one (1) form of energy over another;

(C) The acquisition from any builder, subdivider, developer or other person of any easement, right-of-way, license, lease or other property for consideration in excess of the reasonable cost or value;

(D) The furnishing of consideration to any dealer, architect, builder, engineer, subdivider, developer or other person for the sale, installation or use of appliances or equipment;

(E) The provision of free, or less than cost or value, wiring, piping, appliances or equipment to any other person; provided, that a utility, engaged in an appliance merchandising sales program, shall not be precluded from conducting legitimate closeouts of appliances, clearance sales and sales of damaged or returned appliances;

(F) The provision of free, or less than cost or value, installation, operation, repair, modification or maintenance of appliances, equipment, wiring or piping of any other person;

(G) The granting of a trade-in allowance on any form of energy, or upon the purchase of any appliance or equipment in excess of the market value of the trade-in or upon the purchase of any appliance or equipment when the allowance varies by the type of energy consumed in the appliance or equipment;

(H) The financing of the acquisition of any appliance or equipment at a rate of interest or on terms more favorable than those generally applicable to sales by nonutility dealers in the appliances or equipment, except sales to company employees;

(I) The furnishing of consideration to any person for any advertising or publicity purpose of that person, except for payments not exceeding one-half (1/2) of the reasonable cost or value for joint advertising or publicity with a dealer in appliances or equipment for the sale or other provision of same if the utility is prominently identified as a sponsor of the advertisement; and

(J) The guaranteeing of the maximum cost of electric or gas utility service, except the guaranteeing of the cost of space heating or cooling for a single season, when the cost is at or above the cost of providing service and when the guarantee is for the purpose of improving the utility’s off-peak season load factor.

(2) Nothing contained in this rule shall be construed to prohibit any activity, practice or business otherwise allowed by statute and particularly those businesses exempt from the jurisdiction of this commission as provided under section 393.140(12), RSMo or employee benefit programs approved by the commission and consistent with the provisions of 4 CSR 240-14.040.


4 CSR 240-14.030 Promotional Practices Standards

PURPOSE: This rule prescribes standards governing promotional practices that are not prohibited or for which a variance has been granted by the commission.

(1) All promotional practices of a public utility or its affiliate shall be just and reasonable, reasonable as a business practice, economically feasible and compensatory and reasonably calculated to benefit both the utility and its customers.

(2) No public utility or its affiliate, directly or indirectly, in any manner or by any device whatsoever, shall offer or grant to any person any form of promotional practice except as is uniformly and contemporaneously extended to all persons in a reasonable defined class.

No public utility or its affiliate, in the granting of a promotional practice, shall make, offer or grant any undue or unreasonable preference or advantage to any person or subject any person to any undue or unreasonable prejudice or disadvantage. No public utility or its affiliate shall establish or maintain any unreasonable difference in the offering or granting of promotional practices either as between localities or as between classes to whom promotional practices are offered or granted.

(3) The promotional practices of a public utility or affiliate shall not vary the rates, charges and rules of the tariff pursuant to which service is rendered to a customer. No new promotional practice which has not been previously filed with the commission shall be made or offered unless first filed on a tariff with the commission.


4 CSR 240-14.040 Filing of Promotional Practices

(Recinded April 30, 2003)


4 CSR 240-14.050 Compliance

(Recinded May 6, 1993)


State ex. rel. Hoffman v. Public Service Commission, 550 SW2d 875 (Mo. App. 1977). Contract between gas company and...
builder where gas company was to make promotional payments for apartment complex was sufficient to constitute a “substantial legal detriment” and therefore met the requirements of an exception to PSC rule which prohibited promotional payments.