

## AN ACT

To amend chapter 393, RSMo, by adding thereto one new section relating to predetermination of prudence and ratemaking principles for infrastructure investments by utilities.

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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 section, to be known as section 393.156, to read as follows:

393.156. 1. Any electrical, gas, or water corporation proposing to construct, lease, or invest in any new generation plant, transmission facility, or facility for the storage or delivery of natural gas or water, or proposing to make modifications or additions to an existing infrastructure, or proposing to enter into any contract for the purchase of power and energy, natural gas, or any multiyear hedging arrangement may file with the public service commission an application requesting a determination of prudence of the decision to construct, lease, or invest in such infrastructure based upon the circumstances prevailing and information and alternatives presented at the time of the determination. As part of its application, the corporation may also request that the commission determine certain ratemaking principles that will be applied to the investment or cost of such infrastructure in future proceedings

before the commission. The application may include, at the option of the corporation, an application for a certificate of convenience and necessity under section 393.170, if necessary. At the time the application is filed, the corporation shall file all evidence supporting its proposed course of action, including testimony, exhibits, work papers, and studies including electronic versions. The corporation shall also file proposed confidentiality agreements (including any required by third-party vendors) and identify all material for which a need for confidentiality is asserted. If any proposed generation facility is not to be located within the state of Missouri or if any proposed contract for power and energy is not with an entity owning generation facilities within the state of Missouri, the corporation shall submit evidence that the location of the facility or the contract is not detrimental to the interest of Missouri ratepayers.

2. The commission shall review the application and make a determination of whether the application is complete within sixty days from the date of filing. If the commission determines the application is incomplete, the corporation shall be given thirty days to complete the application by providing the additional information that the commission reasonably deems to be necessary. The commission shall conduct a hearing and issue an order within one hundred eighty days after the corporation submits the

supplemental information directed by the commission. If after hearing, the commission determines that the decision to construct, lease, or invest in such infrastructure, or to enter into such purchase contract is reasonable and prudent, the commission shall issue an order and certificate so stating and addressing all ratemaking principles requested by the corporation in its filing. The commission may impose conditions on the certificate requiring the corporation to monitor, and report to the commission on a specified schedule, any significant changes in specified costs, load, regulatory, economic, or other assumptions upon which the decision was based. Costs shall be included in rates of the corporation only in accordance with existing law, except as otherwise provided in this section. Nothing in this section alters the commission's authority or procedures in setting the corporation's rates, or to review the prudence of construction management.

3. The order by the commission certifying prudence and addressing ratemaking principles shall be applied in any future rate case to the investment and costs of the facility or contract and shall be binding for ratemaking purposes in all future proceedings. Ratemaking principles may include authorized return on common equity, capital structure to finance the facility, estimated service life, depreciation rate for cost of service purposes, jurisdictional allocation method to be applied to the

cost, and in-service criteria used to determine when a facility is fully operational and used for service consistent with section 393.135.

4. If the commission fails to issue an order determining the prudence of the proposal within two hundred ten days after the application is filed and determined to be complete, the project or contract is deemed to be prudent as proposed, any certificate for convenience and necessity and any ratemaking principles requested by the corporation in the application shall be deemed approved by the commission and shall be binding for ratemaking purposes in all future proceedings.

5. The corporation shall have two hundred seventy days after the effective date of an order determining a project or contract to be prudent to notify the commission whether it will construct the facility or enter into the proposed contract. If the corporation notifies the commission it will not proceed with construction of the facility or will not enter into the contract, any ratemaking principles included in the order will be void and there shall be no adverse presumption applied to the corporation in any future proceeding before the commission as a result of the proceedings under this section.

6. At the time of any interim report required by the commission in the order approving the project, the corporation may request the commission to consider a modification or

termination of a project for which a certificate has been issued.  
At any time prior to the completion of the project, the  
commission on its own motion may require the corporation to  
present evidence supporting the decision to continue a project  
for which a certificate has been issued. In the event the  
commission, after hearing, determines that continuation of a  
project is no longer prudent or should be modified, the  
corporation shall be allowed to recover in rates, in a timely  
manner consistent with financial obligations of the corporation,  
the amounts already expensed, incurred, or obligated on the  
project including interest expense and a return on equity  
invested in the project up to the time the order is entered even  
though the project may never be fully operational or used for  
service.

7. No corporation shall file more than one application  
under this section in any twelve-month period. However, if an  
application is dismissed or denied or the corporation notifies  
the commission it will not proceed under an approved application,  
the corporation may file a new application for the same or an  
alternate facility or contract at any time. The commission may  
waive this limitation when it deems a waiver to be in the public  
interest.

8. Nothing herein shall excuse a corporation from complying  
with its public service obligation to provide safe and adequate

service at just and reasonable rates.