

HB 554 -- Electrical Corporation Construction Work in Progress

Sponsor: Emery

Currently, electrical corporations are prohibited from making or demanding charges for service that are based on the costs of construction in progress on any existing or new facility or any other costs associated with owning, operating, maintaining, or financing the property. This bill removes the prohibition for clean baseload generating plants and renewable source generating facilities and authorizes the Missouri Public Service Commission to make or demand additional charges for service based on additional amortizations to maintain the electrical corporation's financial ratios, if in the commission's judgment, it would better enable the corporation to cost-effectively construct a clean baseload generating plant or renewable source generating facility.

The bill establishes the Missouri Clean and Renewable Energy Construction Act which requires the commission, for rate-making and regulatory approvals, to treat any capital costs and expenses incurred by subsidiary corporations, limited liability companies, partnerships, or other entities that an electrical corporation forms to acquire, finance, license, construct, own, operate, maintain, or decommission a clean baseload generating plant, as if the costs were incurred directly by the electrical corporation and the plant itself was owned directly by the electrical corporation.

The commission must convene a docket within 30 days of the effective date of the bill to consider the relative merits of various methods to finance clean baseload generating plants and renewable source generating facilities.

Procedural requirements are specified for an electrical corporation filing a project development application and a facility review order as well as requirements and procedures for when the commission considers the applications and orders regarding construction work in progress for both rate-making and regulatory approval purposes.

The commission may disallow resulting preconstruction costs if a party in a rate proceeding establishes the imprudence of the costs, but only to the extent that a prudent electrical corporation would have avoided the costs considering the information available to it at the time. Additional capital costs may be disallowed by the commission if a party in the rate proceeding proves by a preponderance of the evidence that the additional costs resulted from a material and adverse deviation from the approved schedules, estimates, and projections specified

in the facility review order, but only to the extent that the corporation failed to avoid the deviation, minimize the resulting expense, or was imprudent in considering the information available at the time.

The bill specifies that no court of the state will have jurisdiction to hear or determine any issue, case, or controversy regarding any matter which has or could be determined in a hearing before the commission with regard to the act or to stop or delay the construction, operation, or maintenance of a clean baseload generating plant or renewable source generating facility, except to require compliance with any unmet requirements.

Any state or regional agency, political subdivision, or local government is prohibited from requiring approval, consent, permit, certificate, or other condition for construction, operation, or maintenance of a clean baseload generating plant or other renewable source generating facility authorized by the commission, with the exception of the protection of employees engaged in the construction, operation, or maintenance of a facility. State agencies will continue to have authority to enforce compliance with applicable state statutes, rules, regulations, or standards within their authority.