

HCS HB 2408 -- UTILITIES

SPONSOR: Bivins (Schlottach)

COMMITTEE ACTION: Voted "do pass" by the Committee on Energy and Environment by a vote of 11 to 1.

This substitute changes the laws regarding the Office of Public Counsel, retail electric suppliers, and rate cases before the Missouri Public Service Commission.

OFFICE OF PUBLIC COUNSEL

An assessment-based funding mechanism is created for the Office of the Public Counsel. Prior to the beginning of each fiscal year, the counsel must make available to the Missouri Public Service Commission an estimate of the expenses to be incurred during the year which are reasonably attributable to the regulation of public utilities under Sections 386.700 and 386.710, RSMo, a separate estimate of expenses directly attributable to the various public utility groups, and the amount of expenses not directly attributable to these groups.

The calculation of the assessments is specified in the substitute with the amount allocated to telephone corporations limited to no more than 10% of the total estimated expenses and the total amount of the counsel's assessment limited at two hundredths of 1% of the total gross intrastate operating revenues of all utilities regulated by the commission. In order for the counsel to make the allocations and assessments, every commission-regulated public utility must file with the commission a statement under oath of its gross intrastate operating revenues on or before March 31 of each year for the preceding calendar year. If a utility fails to timely file a statement, the commission will estimate the revenues.

A statement of the assessments must be rendered by the commission on behalf of the counsel to each public utility on or before July 1 with the amount assessed paid by July 15 or, if the utility elects, in four equal installments throughout the fiscal year. The moneys from the assessments will be deposited into the newly created Public Counsel Fund solely for the payment of expenditures actually incurred by the counsel. Moneys remaining in the fund will not revert to the General Revenue Fund.

RETAIL ELECTRIC SUPPLIERS

Any retail electric supplier regulated by the Missouri Public Service Commission may apply to the commission to approve rate schedules authorizing periodic rate adjustments to recover

prudently incurred costs of investments and installations of smart grid and voltage regulation technologies which reduce energy consumption or improve grid efficiency.

RATE CASES BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

The substitute reduces from 120 days to 90 days the time period that the Missouri Public Service Commission can suspend a rate change filed with the commission by a gas, electrical, water, or sewer corporation in order to hold a hearing. The commission may extend the suspension for no more than two months if a hearing cannot be conducted within the period of the suspension. Currently, the suspension can be extended for a period not to exceed six months.

The commission is required to issue its decision at least 20 days prior to the end of the suspension period, and the order will be effective 10 days after its issuance. The corporation must file new rate schedules at least five business days prior to the end of the suspension period, and the new schedules must take effect no later than the first day following the end of the suspension period unless rejected by the commission or a rehearing is pending. If the schedules are rejected by the commission, the corporation is permitted to file replacement schedules in order to comply with the commission's order and must also take effect automatically on the proposed effective date.

If the commission further suspends a rate schedule, it must determine the new rate using certain information updated as of 60 days prior to the end of the suspension period.

The substitute contains an emergency clause.

FISCAL NOTE: Estimated Income on General Revenue Fund of \$1,225,672 in FY 2011, FY 2012, and FY 2013. No impact on Other State Funds in FY 2011, FY 2012, and FY 2013.

PROPOSERS: Supporters say that the Office of Public Counsel is an essential part of the process of hearing utility rate cases before the Missouri Public Service Commission. The bill will provide a stable and adequate source of funding for the office and will reduce the use of the state's general revenue.

Testifying for the bill were Representative Schlottach; Missouri Retailers Association; Office of Public Counsel; Missouri Public Service Commission; Albert Owen, Jr, Boeing; Steven Spinner, Anheuser-Busch; Missouri Association for Social Welfare; AARP; and Consumers Council of Missouri.

OPPONENTS: Those who oppose the bill say that funding the Office

of Public Counsel through assessments on utilities is not good public policy. The office represents the public in rate cases and should be funded with public funds.

Testifying against the bill were Missouri Energy Development Association; Missouri Telecommunications Industry Association; and Missouri Cable Telecommunications Association.