

HCS HB 1488 -- REGULATION OF PUBLIC UTILITIES

SPONSOR: Pollock

COMMITTEE ACTION: Voted "do pass" by the Committee on Utilities by a vote of 18 to 1.

This substitute changes the laws regarding the regulation of public utilities. The total amount of assessments to all public utilities to fund the Missouri Public Service Commission is reduced from a maximum of one-fourth of 1% to twenty-three hundredths of 1% of the total gross intrastate operating revenues of all utilities subject to the jurisdiction of the commission. The Office of Public Counsel within the commission is allowed to be funded by a maximum of three hundredths of 1% of the total gross intrastate operating revenues of all utilities subject to the jurisdiction of the commission and the amount allocated to telecommunications companies cannot exceed 3% of the total estimated expenses directly attributable to the public counsel's responsibilities. The Public Counsel Fund is created to be used solely for the payment of expenditures actually incurred by the public counsel attributable to his or her responsibilities. The public counsel will be allowed to attribute regulatory expenses in the same manner as the commission for the purpose of receiving a proportion of gross operating revenue. Rules for providing statements to the public counsel so that expenses may be estimated are specified in the substitute.

The Office of Public Counsel may represent the interests of residential customers, small commercial and industrial customers, and agricultural customers in matters relating to the allocation of costs between customer classes and in all proceedings before the Missouri Public Service Commission. Currently, he or she may represent and protect the interests of the public. In determining how the amounts assessed against a public utility in connection with the public counsel's exercise of its duties should be allocated to and collected from the utility's respective customer classes, the commission must take into consideration the degree to which each class benefits from the representation.

The substitute specifies the procedure for a rate adjustment due to the underrecovery and overrecovery of utility charges based on a rate case or a complaint. The calculation to determine the amount of overrecovery or underrecovery is specified in the substitute. The amount must be reflected as a temporary rate adjustment over a one-year period.

FISCAL NOTE: Estimated Net Effect on General Revenue Fund of an income of \$525,922 to Unknown or a cost of Unknown in FY 2013, an

income of \$1,072,066 to Unknown or a cost of Unknown in FY 2014, and an income of \$1,083,863 to Unknown or a cost of Unknown in FY 2015. No impact on Other State Funds in FY 2013, FY 2014, and FY 2015.

PROPONENTS: Supporters say that the bill defines the framework used to fund the Office of Public Counsel in an accurate manner. It will increase funding to the office and clarify its role more accurately. The bill will help make rate adjustments more efficient and timely to correct under- or over-compensation problems.

Testifying for the bill were Representative Pollock; Missouri Energy Development Association; Laclede Gas Company; Ameren UE; and Missouri American Water.

OPPONENTS: Those who oppose the bill say that Missouri has a very speedy rate adjustment process and further elimination of a presumed "time-lag" problem only results in much higher costs to consumers and industries. No other states allow rate adjustments in this manner and recent rate increases have greatly burdened Missouri industries. The Office of Public Counsel should be allowed to represent industrial consumers.

Testifying against the bill were Missouri Industrial Energy Consumers; Consumers Council of Missouri; Ford Motor Company; Missouri Retailers Association; AARP; Wal-Mart Stores, Incorporated; General Motors LLC; Missouri Association for Social Welfare; and Mark Rhodes.

OTHERS: Others testifying on the bill say that the purpose of the Office of Public Counsel is to represent customers who typically do not have the resources to intervene in rate cases, however, the office is capable of representing the interests of industrial consumers as well. The office seeks to counterbalance the utility monopoly status and prevent unwarranted rate increases for all consumers.

Testifying on the bill was Office of the Public Counsel.