

SCS SB 240 -- GAS CORPORATION INFRASTRUCTURE REGULATIONS

SPONSOR: Lager (Funderburk)

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Utilities by a vote of 17 to 2.

This substitute changes the laws regarding a request to the Missouri Public Service Commission for a rate increase by a gas corporation. In its main provisions, the substitute:

(1) Requires a commission order or decision to specify the annual amount of net write-offs incurred as of the date revenues, rate base, and expenses were last updated or trued-up in the general rate proceeding. The corporation must thereafter defer and accumulate for future recovery from or return to customers 90% of the net increase or decrease in the annual amount of the net write-offs until they are updated or trued-up in the corporation's next general rate case proceeding. Subject to a review of the reasonableness and prudence of the corporation's collection practices, the deferred amounts must be recovered from or returned to customers through a positive or negative rate base adjustment designed to recover or return the amounts within five years;

(2) Prohibits the commission from approving an infrastructure system replacement surcharge (ISRS) request from a gas corporation if it would produce total annualized ISRS revenues exceeding 13% of the corporation's base revenue level approved in its most recent general rate case proceeding. Currently, the commission cannot approve an ISRS if it would produce total annualized ISRS revenues exceeding 10% of the corporation's base revenue level approved in its most recent general rate proceeding; and

(3) Repeals the provisions that do not allow the commission to approve an ISRS request for any gas corporation that has not had a general rate proceeding decided or dismissed by a commission order within the past three years and the provisions prohibiting a gas corporation from collecting an ISRS for more than three years with specified exceptions.

The substitute contains an emergency clause.

PROPONENTS: Supporters say that the bill will allow gas corporations to perform additional maintenance to resolve problems with decaying infrastructure. It will save transaction costs in rate cases and create new jobs. Surcharges for gas utilities are very low, less than 1% of the total charges for retail customers, and often only .33% to .5% of the total charges for industrial customers.

Testifying for the bill were Senator Lager; Laclede Gas Company; Missouri Gas Energy; Missouri Energy Development Association; and Gasworkers Local 11-6.

OPPONENTS: Those opposing the bill say it could lead to overcharges because the rate cases are extended to five year periods. Rate cases generally save customers money even if they have some transaction costs.

Testifying against the bill were Consumers Council of Missouri, AARP Missouri, Missouri Industrial Energy Consumers, and Fair Energy Rate Action Fund.