

HB 2204 -- COST RECOVERY FOR ELECTRICAL CORPORATIONS

SPONSOR: Barnes

This bill allows electrical corporations to recover specified expenses. In its main provisions, the bill:

(1) Allows an electrical corporation to recover any changes in deferred depreciation expenses and return associated with all of the assets that constitute a qualifying electric plant placed in service during each relevant period by placing the depreciation expenses and return in a regulatory asset account. The balance in the regulatory asset account must be included in the determination of the corporation's rate base, to which the corporation's weighted cost of capital is applied, without any offset, reduction, or adjustment based on any other factor or otherwise during the corporation's next general rate proceeding. The amount recoverable in the regulatory asset account may be amortized and recovered in rates over a period of 35 years. The Missouri Public Service Commission must retain its authority to review the depreciation expenses and return placed in the regulatory asset account for prudence during the corporation's general rate proceeding. Using these methods, a corporation must be able to recover depreciation expenses and return associated with all of the assets that constitute a qualifying electric plant placed in service from the end of any relevant period to the effective date of customer rates that take into account deferred depreciation expenses and return;

(2) Requires the maximum average retail rate increase caused by the inclusion of the balance of a regulatory asset account during the most recent relevant period to be determined by multiplying 1% by the number of completed months since the date in which rate base additions were accounted for in the corporation's most recently completed general rate proceeding divided by 12. The maximum average retail rate increase must be reflected as a percentage. The maximum rate increase must not increase the retail rates of a customer of a corporation that has a minimum billing demand of five megawatts or more in recognition of the fact that many customers with the billing demand take service at a higher voltage level and own, operate, and maintain certain electric service infrastructure that serves their premises. The sum of revenues that would have been produced but for this exclusion must not be collected from other customers;

(3) Specifies that these provisions cannot limit the commission's authority to authorize an electrical corporation to defer depreciation expenses and return on qualifying electric plants for recovery in a general rate proceeding; and

(4) Specifies that for the purposes of calculating deferred depreciation expenses and return deferred depreciation expenses must equal the original cost of each asset included in the qualifying electric plant placed in service during the relevant period less retirements multiplied by the weighted average depreciation rate for all of the electrical corporation's assets. Electrical corporation assets must be calculated using the depreciation rate used to determine the corporation's revenue requirement in the corporation's most recently completed general rate proceeding concluded prior to the relevant period, adjusted to account for the time the asset is in service prior to the end of the relevant period. Deferred return must equal the sum of the original cost of each asset included in the qualifying electric plant placed in service during the relevant period less accumulated depreciation on each asset multiplied by the corporation's weighted cost of capital. The electrical corporation's weighted cost of capital must be the weighted cost of capital used to determine the corporation's revenue requirement in the corporation's most recently completed general rate proceeding concluded prior to the relevant period, adjusted to account for the time the asset is in service since the corporation's most recently completed general rate proceeding prior to the end of the relevant period, plus applicable federal, state, local income or excise taxes.