

FIRST EXTRAORDINARY SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

# HOUSE BILL NO. 1

99TH GENERAL ASSEMBLY

2415H.02P

D. ADAM CRUMBLISS, Chief Clerk

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## AN ACT

To amend chapter 393, RSMo, by adding thereto two new sections relating to ratemaking for public utilities, with an emergency clause.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 393, RSMo, is amended by adding thereto two new sections, to be known as sections 393.355 and 393.356, to read as follows:

**393.355. 1. As used in this section, the following terms shall mean:**

(1) "Electrical corporation", the same meaning given to the term in section 386.020, but shall not include an electrical corporation as described in subsection 2 of section 393.110;

(2) "Facility", a:

(a) Facility whose primary industry is the smelting of aluminum and primary metals, Standard Industrial Classification Code 3334;

(b) Facility whose primary industry is the production or fabrication of steel, North American Industrial Classification System 331110; or

(c) Facility with a new or incremental increase in load equal to or in excess of a monthly demand of fifty megawatts.

2. Notwithstanding section 393.130 or any other provision of law to the contrary, the public service commission shall have the authority to approve a special rate, outside a general rate proceeding, that is not based on the electrical corporation's cost of service for a facility if:

(1) The commission determines, but for the authorization of the special rate the facility would not commence operations, the special rate is in the interest of the state of

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in bold-face type in the above bill is proposed language.

18 Missouri when considering the interests of the customers of the electrical corporation  
19 serving the facility, considering the incremental cost of serving the facility to receive the  
20 special rate, and the interests of the citizens of the state generally in promoting economic  
21 development, improving the tax base, providing employment opportunities in the state, and  
22 promoting such other benefits to the state as the commission may determine are created  
23 by approval of the special rate;

24 (2) After approval of the special rate, the commission allocates in each general rate  
25 proceeding of the electrical corporation serving the facility the reduced revenues from the  
26 special rate as compared to the revenues that would have been generated at the rate the  
27 facility would have paid without the special rate to the electrical corporation's other  
28 customers through a uniform percentage adjustment to all components of the base rates  
29 of all customer classes; and

30 (3) The commission approves a tracking mechanism meeting the requirements of  
31 subsection 3 of this section.

32 3. Any commission order approving a special rate authorized by this section to  
33 provide service to a facility in the manner specified under subsection 4 of this section shall  
34 establish, as part of the commission's approval of a special rate, a tracking mechanism to  
35 track changes in the net margin experienced by the electrical corporation serving the  
36 facility with the tracker to apply retroactively to the date the electrical corporation's base  
37 rates were last set in its last general rate proceeding concluded prior to the effective date  
38 of this section. The commission shall ensure that the changes in net margin experienced  
39 by the electrical corporation between the general rate proceedings as a result of serving the  
40 facility are calculated in such a manner that the electrical corporation's net income is  
41 neither increased nor decreased. The changes in net margin shall be deferred to a  
42 regulatory liability or regulatory asset, as applicable, with the balance of such regulatory  
43 asset or liability to be included in the revenue requirement of the electrical corporation in  
44 each of its general rate proceedings through an amortization of the balance over a  
45 reasonable period until fully returned to or collected from the electrical corporation's  
46 customers.

47 4. Notwithstanding the provisions of section 393.170, an electrical corporation is  
48 authorized to provide electric service to a facility at a special rate for the new or  
49 incremental load authorized by the commission:

50 (1) Under a rate schedule reflecting the special rate approved by the commission;  
51 or

52 (2) If the facility is located outside the electrical corporation's certificated service  
53 territory, the facility shall be treated as if it is in the electrical corporation's certified

54 service territory, subject to a commission-approved rate schedule incorporating the special  
55 rate under the contract.

56 **5. To receive a special rate, the electrical corporation serving the facility, or facility**  
57 **if the facility is located outside of the electrical corporation's certified service territory,**  
58 **shall file a written application with the commission specifying the requested special rate**  
59 **and any terms or conditions proposed by the facility respecting the requested special rate**  
60 **and provide information regarding how the requested special rate meets the criteria**  
61 **specified in subdivision (1) of subsection 2 of this section. A special rate provided for by**  
62 **this section shall be effective for no longer than ten years from the date such special rate**  
63 **is authorized. The commission may impose such conditions, including but not limited to**  
64 **any conditions in a memorandum of understanding between the facility and the electrical**  
65 **corporation, on the special rate as it deems appropriate so long as it otherwise complies**  
66 **with the provisions of this section.**

67 **6. Any entity which has been granted a special rate under this section may reapply**  
68 **to the commission for a special rate under this section.**

**393.356. If the commission approves a special rate under section 393.355, the**  
2 **commission shall lack the authority to modify or eliminate any such rate during the**  
3 **specified term subject to conditions established under section 393.355.**

Section B. Because economic development is vital for the continued success of the  
2 Missouri economy, this act is deemed necessary for the immediate preservation of the public  
3 health, welfare, peace, and safety, and is hereby declared to be an emergency act within the  
4 meaning of the constitution, and this act shall be in full force and effect upon its passage and  
5 approval.

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