

HCS HB 1 -- SPECIAL UTILITY RATES

SPONSOR: Rone

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Committee on Utilities by a vote of 10 to 3. Voted "Do Pass with HCS" by the Committee on Rules-Administrative Oversight by a vote of 12 to 1.

This bill authorizes the Public Service Commission to approve a special rate, outside of a general rate proceeding, not based on the cost of service for electrical services provided to an aluminum smelting facility or steel works facility provided that the Commission determines the special rate is in the best interest of the state, allocates reduced revenues uniformly to all components of the base rates for all customer classes, and approves a deferral mechanism designed to ensure the net operating income of the electrical corporation neither increases or decreases between the general rate case due to the facility's load.

An electrical corporation approved to provide electrical service to an aluminum smelting facility or steel works facility may do so under a rate schedule or under a contract reflecting the specially approved rate. The electrical corporation serving the facility, or the facility if the facility is located out outside of the electrical corporation's certified service territory, shall apply to the commission to receive the special rate. Any approved special rate shall be effective for no longer than 10 years (Section 393.355, RSMo).

If the Commission approves said special rate, then it shall not arbitrarily modify or rescind the rate during its specified approval term (Section 393.356).

This bill contains an emergency clause.

PROPONENTS: Supporters say that the bill would restore a significant employer to the southeast Missouri region, resulting in good paying jobs and tax revenue. A steel mill will be created in New Madrid County should the special rate be approved.

Testifying for the bill was Representative Rone; Ed Downey and Greg Meyer, Missouri Industrial Energy Consumers (MIEC); and Missouri Economic Development Council.

OPPONENTS: Those who oppose the bill say that any resulting rate increase from subsidizing a single employer will disproportionately fall on Missouri's poorer rate payers. The owner of the proposed steel mill is unknown, and so any economic development incentives benefiting that owner lack transparency.

Testifying against the bill was PJ Wilson, Renew Missouri

OTHERS: Others testifying on the bill say this bill is one part of an ongoing conversation on improving Missouri's energy infrastructure. The price of utilities in Missouri continues to rise and so special consideration should be weighed whenever rate making procedures are altered.

Testifying on the bill were Missouri Energy Development Association; Cara Spencer, Consumers Council of Missouri; and Empower Missouri.