

HCS HB 1999 -- UTILITY RATE ADJUSTMENTS

SPONSOR: Bondon

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Utilities by a vote of 10 to 1. Voted "Do Pass" by the Rules- Administrative Oversight Committee by a vote of 9 to 3.

This bill enables water and sewer corporations with more than 8,000 Missouri customers to apply to the Public Service Commission for an interim rate change outside of a general rate proceeding to ensure that revenue requirements are met.

This bill is the same as SB 705 (2018).

PROponents: Supporters say that the bill enables water companies to be more flexible in their rate making by pursuing rate decoupling, while maintaining Public Service Commission oversight. Annual true-up review of water rates will support infrastructure development and deployment.

Testifying for the bill were Representative Bondon; Missouri American Water; and the Missouri Chamber of Commerce and Industry.

OPponents: Those who oppose the bill say that rate decoupling is not appropriate to water utility services because, unlike gas usage, there is not demonstrable correlation between weather fluctuations and water use. The lost revenues due to reduced gas use is easily calculable, but not so for water. Decoupling should also not apply to sewer corporations since they have flat rates. This bill could potentially reward utility negligence, and enable rate increases without allowing customers to reap potential savings.

Testifying against the bill were Midwest Energy Consumers Group; Consumers Council of Missouri; and AARP.