

SS SCS HB 208 -- UTILITIES

This bill changes numerous laws on utilities.

CONSUMER-OWNED ELECTRIC COOPERATIVES

The bill prohibits the Public Service Commission from regulating the rates, financing, and management of consumer-owned electric corporations that are required to operate on a not-for-profit cooperative basis and, as of August 28, 2003, hold a certificate of public convenience and necessity to serve a majority of their consumer-owners in third classification counties.

ELECTRICITY FOR SMELTING FACILITIES

The bill allows certain aluminum smelting facilities to purchase electrical power on the open market without regulation by the Public Service Commission. To be eligible, the facility must be in a county of the second classification, must have used more than three million megawatt hours of electricity in a calendar year, and must have been served by a municipally owned utility and an electric generating cooperative owned by rural electric cooperatives. The initial unregulated contract must not have a negative financial impact on previous power suppliers or their customers, reduce service reliability to other customers, or reduce local or state tax revenue. The smelting facility cannot resell the power to anyone except the original suppliers. Local or past suppliers of electrical power will no longer have any obligation to provide service to the facility. The bill also allows municipalities to purchase electricity and ancillary services from any supplier without regulation beyond the approval of the governing board of the municipality.

This portion of the bill contains an emergency clause.

PUBLIC SERVICE COMMISSION

The bill requires the Public Service Commission to retain a technical advisory staff of up to six members with expertise in accounting, economics, finance, engineering or utility operations, law, and public policy. Each commissioner may also retain a personal advisor. All hiring of technical advisory staff members must be completed by July 1, 2005, and be offset through elimination of other commission staff positions. Advisory staff members cannot be a party to any case before the commission and are subject to the same ex parte and conflict of interest requirements as commissioners. No one regulated by, appearing before, or employed by the commission may offer advisory staff members new appointments or positions, and new advisory staff members cannot have been employed by the

commission, the Office of the Public Counsel, or any company regulated by the commission for at least two years before being hired.

Commissioners may confer with others on matters not relating to filed cases. Commissioners may also confer with others on matters relating to pending or filed cases if no evidentiary hearing has been scheduled and if the matter is discussed at an announced public meeting or a forum where affected parties are present or if the discussion is subsequently disclosed to affected parties. If an evidentiary hearing has been scheduled, commissioners may only discuss matters relating to procedures or unanimous agreements that resolve a case fully.

COST RECOVERY FOR INFRASTRUCTURE SYSTEM REPLACEMENT PROJECTS

The bill allows water corporations serving more than 10,000 customers in St. Louis County and all gas corporations to file petitions with the Public Service Commission for rate adjustments that recover from customers prudently incurred costs for infrastructure replacement projects. Eligible projects may include replacement of deteriorating equipment, safety enhancements, and non-reimbursed costs of facility relocations required by highway and other public works construction. Projects may not increase revenue by connecting to new customers and must not have been included in the corporation's last general rate case. Commission staff may examine the petition and submit a report within 60 days. The commission may hold a public hearing and must issue an order that becomes effective within 120 days after the petition is filed. During its consideration of the petition, the commission may not examine the corporation's other revenue requirements or rate-making issues.

Adjustment charges must appear on customers' bills as a separate charge and may only apply to classes of customers that receive benefits from the infrastructure replacement project. Charges must be applied in a manner consistent with the customer class cost-of-service study from the corporation's most recent general rate proceeding. Charges will not be approved if the corporation's last general rate proceeding was more than three years before the petition was filed or if the adjustment produces revenue exceeding 10% of the base revenue level approved in the corporation's last general rate proceeding. Rates may not be adjusted more than twice a year, and charges may not be collected for more than three years unless the corporation has filed or is the subject of a new general rate proceeding. Estimated monthly charges are subject to annual reconciliation.

SERVICES BY UTILITIES

Under current law, electric, gas, and heating utilities are prohibited from offering heating, ventilating, and air conditioning (HVAC) services unless the company was providing these services for the five years prior to August 28, 1998. The bill clarifies that the exemption only applies to areas being served on a regular basis before August 28, 1993. The bill also requires utilities to comply with the same state and local requirements as other HVAC contractors and authorizes the Attorney General to enforce pertinent statutes.

OTHER PROVISIONS

The bill also:

(1) Requires the Public Service Commission to treat pipeline capacity costs for schools that make aggregate purchases of natural gas in the same manner as costs for large industrial and commercial customers;

(2) Allows telecommunications companies to offer discounted rates, special promotions, and term agreements of up to five years on any of their services; and

(3) Allows steam heating companies with fewer than 100 Missouri customers to file under the small company rate procedure by giving notice to the commission, the Public Counsel, each customer, and each gas and electric corporation providing utility service in the area. Customers and corporations that respond within 30 days may participate in any case hearings or conferences.