

SECOND REGULAR SESSION

HOUSE BILL NO. 1100

92ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES RECTOR (Sponsor), LeVOTA, WILLOUGHBY, TAYLOR, EMERY, WILSON (130), WARD, ANGST, STEVENSON, RICHARD, VIEBROCK, WASSON, SKAGGS, YOUNG AND BISHOP (Co-sponsors).

Read 1st time January 15, 2004, and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

3989L.01I

AN ACT

To amend chapter 386, RSMo, by adding thereto one new section relating to recovery of costs by electrical corporations.

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

Section A. Chapter 386, RSMo, is amended by adding thereto one new section, to be known as section 386.385, to read as follows:

386.385. 1. As used in this section, the following terms mean:

(1) "Fuel", the amount paid by an electrical corporation for natural gas, oil, or coal, including the transportation thereof, used by the corporation or another entity to generate for or to supply electrical energy to the corporation;

(2) "Purchased power", the amount paid by an electrical corporation for electrical energy, including the transmission thereof, generated by another entity, but used by the electrical corporation, and the delivered cost of natural gas burned in tolling purchased power contracts.

2. Notwithstanding any other provision of the law to the contrary, any electrical corporation, as defined in section 386.020, shall be allowed to recover all of its reasonably and prudently incurred costs for fuel delivered to its generating stations and all of its reasonably and prudently incurred costs for the variable cost component of purchased electrical energy for its retail customers through energy cost adjustment schedules designed to specifically recover such costs.

3. An electrical corporation desiring to collect its energy costs through an energy cost adjustment schedule shall file a proposed schedule with the public service commission for consideration as part of a general rate proceeding unless the electrical corporation has

18 had a general rate proceeding decided or dismissed by issuance of a public service
19 commission order within the past six months, or unless it has been explicitly permitted to
20 do so by the commission after a contested proceeding.

21 4. The public service commission shall establish and implement a true-up
22 mechanism, which shall accurately and appropriately remedy any over-collections or
23 under-collections from previous adjustment periods including interest at the electrical
24 corporation's short-term rate, through inclusion of such under or over recoveries in
25 subsequent energy cost adjustments.

26 5. The public service commission shall allow modification of the energy cost
27 adjustment schedules authorized by this section to be made every ninety days to reflect
28 increases and decreases in fuel costs and purchased energy costs above or below the costs
29 of such items reflected in the permanent base rates of the electrical corporation on file with
30 and approved by the public service commission, provided that such adjustments shall not
31 include any adjustment for the costs of fuel used to generate electricity sold at wholesale
32 or for the revenues received from sales of electricity at wholesale. Changes in such energy
33 cost adjustments shall be made every ninety days.

34 6. An electrical corporation shall not collect an energy cost adjustment for a period
35 exceeding three years unless the electrical corporation has filed for or is the subject of a
36 new general rate proceeding, or unless the electrical corporation has been explicitly
37 permitted to do so by the commission. However, the energy cost adjustment may be
38 collected until the effective date of the new rate schedules established as a result of the new
39 general rate proceeding, or until the subject general rate proceeding is otherwise decided
40 or dismissed by issuance of a public service commission order without new rates being
41 established.

42 7. Once an electrical corporation has begun collecting costs under an energy
43 adjustment clause the electrical corporation shall not withdraw or discontinue the use of
44 an energy cost adjustment clause unless it has been explicitly permitted to do so by the
45 public service commission after a contested proceeding.

46 8. Nothing in this section shall allow an electrical corporation to avoid any rate
47 freeze, moratorium, or other commitments made in connection with a settlement of any
48 prior proceeding.

49 9. Nothing in this section shall be construed as limiting the authority of the public
50 service commission, during any general rate proceeding of any electrical corporation, to
51 review and consider fuel costs, purchased electrical energy costs, or other costs, including
52 fuel-related costs.

53 10. Notwithstanding any other provision of law to the contrary, the public service

54 **commission shall have authority to implement schedules submitted by the electrical**
55 **corporation designed to provide the electrical corporation with incentives for performance**
56 **in the acquisition of fuel and purchased power and to ensure economic dispatch of**
57 **electricity.**

58 **11. An electrical corporation adopting an energy adjustment clause shall at all**
59 **times be required to conduct its affairs in a reasonable and prudent manner, and its actions**
60 **shall be subject to full prudence review on a periodic schedule basis to be proposed by the**
61 **utility provided that such reviews shall be commenced at least once every thirty-six months,**
62 **and may be combined with a general rate proceeding.**