

HCS HB 673 -- UTILITY RATES

SPONSOR: Bivins

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Energy and Environment by a vote of 8 to 4.

This substitute requires the Missouri Public Service Commission to find that a rate adjustment is necessary to provide an electrical, gas, or water utility with its authorized profit and that the rate adjustment mechanism will prevent the utility from exceeding its authorized profit before approving any of the rate modifications otherwise allowable under subsections 1 - 3 of Section 386.266, RSMo.

When considering rate adjustments, the commission may take into account whether an adjustment will result in a just and reasonable return on equity.

FISCAL NOTE: No impact on state funds in FY 2008, FY 2009, and FY 2010.

PROPONENTS: Supporters say that the bill will ensure that customers receive fair treatment and will clarify the legislative intent regarding the rate of return that utilities should receive. High utility rates pose a serious threat to all Missouri businesses.

Testifying for the bill were Representative Dempsey; Gareth Kajander, Monsanto Corporation; Wayne Rich, Doe Run Company; Missouri Association of Social Welfare; Missouri Energy Group; AARP Missouri State Office; Ford Motor Company; General Motors Corporation; and DaimlerChrysler Corporation.

OPPONENTS: Those who oppose the bill say that it will discourage investment in electric utilities and violate the compromise achieved by Senate Bill 179 in 2005. Missouri has very cheap consumer and industrial electric rates. Forty-four states have higher consumer rates, and 37 have higher industrial energy rates than Missouri.

Testifying against the bill were Bill Gipson, General Electric; Missouri Energy Development Association; and Aquila, Incorporated.

OTHERS: Others testifying on the bill say that it is very difficult to set rates to achieve certain goals and the Missouri Public Service Commission does ensure that utilities do not earn excessive profits in the long term.

Testifying on the bill was Missouri Public Service Commission.