

HCS SCS SB 720 -- UTILITY REGULATIONS AND SALES OF SCRAP METAL

SPONSOR: Coleman (Smith, 150)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Utilities by a vote of 8 to 0.

This substitute changes the laws regarding utility regulations and the sale of scrap metal. In its main provisions, the substitute:

(1) Authorizes the Missouri Public Service Commission to grant approval, which will have the same effect as approval granted prior to construction of an electric generating facility, to an existing electric generating facility if the commission determines that the approval is necessary or convenient for the public service;

(2) Requires purchased gas adjustment rates to include the gas cost portion of net write-offs incurred by a gas corporation in providing service to its customers as part of rate adjustments in the purchase price of natural gas approved by the commission. These write-offs will not count as tariff increases for the purpose of the gas corporation's revenue notification requirements to cities and counties in Section 393.275, RSMo;

(3) Requires purchasers of scrap metal to keep a record of each transaction including a copy of a federal or state-issued form of identification from the seller, the date and time of delivery, and a description and weight of all metals purchased. Scrap metal includes any aluminum, copper, brass, or bronze wire; cable; pipe; tubing; bar; ingots; rod; fitting; fastener; or farming material. Records are required to be kept for a minimum of 24 months and must be available for inspection by law enforcement. Any person violating this provision will be guilty of a class A misdemeanor. Transactions not exceeding \$50 or transactions between scrap metal dealers with fixed business locations are exempt from the record-keeping requirement;

(4) Requires scrap metal dealers to make any payment over \$50 by check, electronic transfer, or any other method in which a financial institution maintains a record of the transaction;

(5) Prohibits scrap metal dealers from purchasing metal beer kegs of six gallons or more unless purchasing them from the brewer or its representative. Any person violating this provision will be guilty of a class A misdemeanor;

(6) Prohibits scrap metal dealers from purchasing items such as manhole covers, street signs, bleachers, or guardrails that are

identifiable as belonging to a political subdivision, electric cooperative, or utility. Any person violating this section will be guilty of a class B misdemeanor;

(7) Specifies that any person who steals or appropriates wire or other devices that are associated with transmitting telecommunications or conducting electricity will be guilty of a class C felony;

(8) Specifies that any person who steals or appropriates any property on the premises of an electric cooperative or municipal utility or utility regulated by the commission will be guilty of a class D felony;

(9) Allows electric suppliers to trim, remove, and control trees and vegetation that threaten the safe and reliable operation of electrical service. Permissible distances from power lines for removing trees are specified based on the voltage of the power line. Any tree that actually threatens the power supply may be trimmed or removed after a 14-day notice to the owner even if the tree is not within the recommended distance guidelines unless the electric supplier determines that removal of the tree is immediately necessary or the electric supplier is trimming or removing trees following a major weather event or other emergency situation. If any tree which is trimmed by an electric supplier dies within three months as a result of the trimming, the owner may request in writing that the electric supplier remove the tree at the supplier's expense. The electric supplier must respond to the request within 90 days;

(10) Creates penalties for corporations, persons, and public utilities that violate any law, order, decision, decree, rule, direction, demand, or requirement of the commission relating to federally mandated natural gas safety standards. Municipalities that own gas plants are only liable for violations of natural gas safety laws, rules, and orders. The maximum penalty per violation will be \$15,000, and the maximum penalty for multiple violations or a continuing violation of the same rule will be \$150,000; beginning January 1, 2015, the maximum penalties will be \$20,000 and \$200,000; beginning January 1, 2025, the maximum penalties will be \$25,000 and \$250,000; beginning January 1, 2035, the maximum penalties will be \$30,000 and \$300,000; and beginning January 1, 2040, the maximum penalties will be \$40,000 and \$400,000. In determining penalty amounts, the commission may consider the degree of culpability, prior violations, the effect of the penalty on operations, good faith efforts at compliance, ability to pay, and any other matters deemed relevant. The acts and omissions of officers, agents, and employees of any corporation, person, public utility, or other owner of a gas plant will be considered the acts or omissions of the gas plant

owner;

(11) Requires a regional electric cooperative that provides service to two or more municipalities within Missouri to allow the municipalities to appoint at least four members to its governing board. Appointments will be made by a majority vote of the mayors of the municipalities served by the cooperative, and the individuals appointed will have the same rights and benefits as other members of the board and be subject to Section 394.140. The provisions of the substitute may be enforced by an injunction prohibiting any regional electric cooperative who fails to comply with any of the requirements of the substitute from operating within Missouri;

(12) Increases, from \$600 to \$800, the maximum allowable funding for households eligible to receive financial assistance for heating and cooling expenses from the Utilicare Stabilization Fund administered by the Department of Social Services per household per fiscal year. The maximum cap on annual appropriations to the fund is increased from \$5 million to \$10 million. The department must apply moneys from the fund for weatherization assistance programs of the Department of Natural Resources; and

(13) Prohibits natural gas and electricity providers from June 1 to September 30 from disconnecting service on days when the temperature is expected to rise above 95 degrees or the heat index is expected to rise above 105 degrees for the following 24-hour period or on days when service personnel will be unable to reconnect service and the temperature is expected to rise to the regulated levels.

The provisions regarding the Missouri Public Service Commission's authority to grant retroactive approval expires on August 28, 2009.

FISCAL NOTE: Estimated Cost on General Revenue Fund of Unknown - Less than \$3,700,000 in FY 2009, FY 2010, and FY 2011. Estimated Income on Other State Funds of \$0 to Unknown in FY 2009, \$0 in FY 2010, and \$0 in FY 2011.

PROPONENTS: Supporters say that the bill will help prevent heat deaths in Missouri. In 2006, there were 12 heat-related deaths in St. Louis and six in Kansas City. The bill will help low-income individuals and the elderly. Most utilities follow this policy voluntarily, but there are a few utilities that don't.

Testifying for the bill were Senator Coleman; AARP-Missouri; Missouri Association for Community Action; and De Anna Noriega,

Services for Independent Living.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say energy conservation and efficiency should also be a priority. The elderly often don't use air conditioning because of its high costs.

Testifying on the bill were AmerenUE; and Missouri Energy Development Association.