

HCS HB 2078 -- ELECTRICAL CORPORATION RATE RECOVERY

SPONSOR: Funderburk

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Utilities by a vote of 12 to 8.

This bill allows electrical corporations with less than one million customers to recover certain transmission expenses and government mandated property tax expenses in a general rate proceeding. Requirements for calculating expenses based on deferred taxes and amortization over a three year time period are specified in the bill. Amortized amounts included in the expenses must not exceed 2% of an electrical corporation's base revenue as calculated in its most recent general rate case.

For electrical corporations with more than one million customers, the percentage limit shall be 0.25% and the amortization period shall be five years. Also, the recovery will be limited to property tax expenses.

The Public Service Commission maintains authority to review the transmission costs and property tax expenses for all types of electrical corporations in the bill for prudence.

The bill shall terminate on August 27, 2018. An electrical corporation with remaining assets subject to recovery at that time may include the liability for recovery during its next general rate case proceeding.

PROPONENTS: Supporters say that the bill will allow faster recovery of actual regulatory costs by investor owned utilities. This is more efficient than requiring only periodic recovery since these types of costs are known but outside of the control of the utilities.

Testifying for the bill was Representative Funderburk.

OPPONENTS: Those who oppose the bill say that it is not good to engage in piecemeal ratemaking and best to evaluate all expenses and utility profits in the aggregate at general rate cases. Looking at one type of cost in isolation can result in overearning and higher consumer costs for electricity than should be the case.

Testifying against the bill were Lewis Mills, Public Counsel, Missouri Industrial Energy Consumers; Missouri Association for Social Welfare; Missouri Consumers Council; Missouri AARP; and the Fair Energy Action Fund.