

HCS HB 956 -- RATEMAKING FOR GAS CORPORATIONS

SPONSOR: Fraker

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Utility Infrastructure by a vote of 11 to 2. Voted "Do Pass with HCS" by the Select Committee on Utilities by a vote of 10 to 0.

This bill limits commission approval of annual revenue from infrastructure replacement surcharges under Section 393.1012, RSMo, to 1.25% of a gas corporation's gross jurisdictional revenues. Gross receipts, sales taxes, and other pass-through types of taxation not included in the rate-making process are not counted for purposes of the limit and may be collected by the gas corporation. Any costs not recovered as a result of the annual 1.25% limitation on rate adjustments may be deferred as specified in this provision.

Surcharges may be approved for a period of up to five years without the need for a gas corporation to bring a general rate case. Currently, there is a three year limit.

The bill does not prevent the commission, certain legislative bodies, or classes of customers from bringing a complaint under Section 386.390 alleging that the rates or other charges of a gas corporation are unreasonable or unlawful.

PROPONENTS: Supporters say that the bill will allow quick replacement of aging infrastructure and prevent future damage to gas systems. It will also create construction and maintenance jobs in Missouri. This bill does not allow for bad debt recovery to be shifted to ratepayers.

Testifying for the bill were Representative Fraker; Laclede Gas; Missouri State Utility Workers Conference; Rod Hermann, Gas Workers 11-6; Missouri Energy Development Association; L. Craig Dowdy; Craig Hoeferlin; and The Laclede Group.

OPPONENTS: Those who oppose the bill say that in the long run taking rate recovery out of the usual rate case process will lead to higher costs for consumers.

Testifying against the bill were Fair Energy Rate Action Fund (FERAF); Empower Missouri - Formerly Missouri Association For Social Welfare; and AARP Missouri.