

HB 243 -- REVENUE STABILIZATION MECHANISM

SPONSOR: Davis

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Utilities by a vote of 10 to 2.

This bill provides that any water or sewer utility may request for revenue stabilization mechanism (RSM) rate schedules during a general rate proceeding. An RSM rate schedule would authorize periodic rate adjustments in addition to general rate proceedings to ensure that a water or sewer utility's revenues do not vary from authorized revenues due to increases or decreases in water usage. An RSM rate schedule shall become effective thirty days after filing, and may be terminated at a general rate proceeding.

PROPOSERS: Supporters say that the bill enables water and sewer utilities to have more accurate rates and revenue requirements by establishing a more flexible rate creation mechanism. Having more accurate rates would enable more consistent capital improvement costs, which in turn ensures water quality.

Testifying for the bill were Representative Davis; Missouri American Water; Doug Wachnicht, Goodwin Brothers Construction; Craig Dulle, Castle Contracting LLC; Missouri Energy Development Association; and Natural Resources Defense Council.

OPPOSERS: Those who oppose the bill say that the bill is nothing more than a modified form of decoupling, which lessens the incentive for water consumers to reduce their own personal water use while at the same time charging those who use less water more. This bill selectively removes certain components of a rate review from public audit, and creates an unnecessary surcharge to socialize a water utility's costs amongst its customers.

Testifying against the bill were Consumers Council of Missouri; AARP; and Empower Missouri.