

HB 1575 -- PUBLIC UTILITIES

SPONSOR: Berry

INTERIM RATE ADJUSTMENTS

This bill adds changes to transmission charges and revenues paid to and received from any transmission service provider as the basis for an interim energy charge. Such changes to transmission charges and revenues may also be incorporated into a rate schedule that was approved before August 28, 2018, without the completion of a general rate proceeding (Section 386.266, RSMo).

COMPLAINT PROCEDURE

This bill maintains that a complaint brought to the Public Service Commission against a public utility must be for a violation of law under the Commission's jurisdiction, any rule promulgated by the Commission, or of any utility tariff or order (Section 393.390).

PROPERTY TAX AND CERTAIN OPERATIONS AND MAINTENANCE (O&M) EXPENSE DEFERRAL

This bill creates a voluntary accounting program for electrical corporations. Accordingly, an electrical corporation may create regulatory assets or liability accounts for any difference in capitalized and uncapitalized prudently incurred state and local property taxes, and any difference in actual and projected prudently incurred O&M expenses used to protect the reliability and security of systems. The property taxes and O&M expenses used to determine revenue requirements are to be included in those regulatory assets or liability accounts as well.

Such account balances shall be included in the electric corporation's revenue requirement and amortized over a reasonable period of time. The Commission shall then adjust the rate base used to establish the corporation's revenue requirement to reflect the unamortized regulatory asset or liability account balances (Section 393.1275).

QUALIFYING ELECTRIC PLANTS IN-SERVICE ACCOUNTING & CAPITAL INVESTMENT

This bill creates an additional voluntary program for electrical corporations for the creation of regulatory assets. Under the program, electrical corporations shall defer all depreciation expenses and returns associated with qualifying electric plants to a regulatory asset, which shall then be included in those electrical corporations' rate base without any other offsets or adjustments except as provided in the bill.

Beginning February 28, 2019, an electrical corporation availing itself of the benefits of the regulatory asset creation shall annually submit a five-year capital investment plan to the Commission with specific criteria as specified in the bill. Within 30 days of submitting an investment plan, the electrical corporation shall hold a public stakeholder meeting to answer

questions and receive feedback. After receiving feedback, the electrical corporation may modify its filed investment plan. This section of the bill expires on December 31, 2028, except that all regulatory assets created under this section and amortization thereof shall nonetheless continue to be included in an electrical corporation's rate base (Section 393.1400).

DISCOUNTED ELECTRIC RATES

This bill creates an electric rate discount for high energy users that apply for a discounted rate before the public announcement of a growth project. An eligible customer shall receive local, regional, or state economic development incentives, and add incremental load with an average monthly demand of at least 500kW with a load factor of at least 55% within two years after the application for a discounted rate is submitted.

Such a discount shall be a percentage applied to all base rate components of the bill, and shall be applied for up to five years. The average annual discount shall be 40% on all base rate components, and an additional 10% discount for one year after the expiration of the initial discount if the customer takes service from an under-utilized circuit. Any reduced revenues arising from the discounted rate shall be borne by all of the electrical corporation's customer classes.

This provision expires on December 31, 2028, except as stated otherwise in the bill (Section 393.1640).

CONTRACTOR QUALIFICATION AND BIDDING

This bill requires electrical corporations with more than 1 million Missouri customers to develop a qualification process for the competitive bidding of contractors seeking construction contracts for distribution system projects. The electrical corporation may specify the eligibility requirements for contractors, but the electrical corporation shall not weigh any contractor favorably or unfavorably due to a union affiliation, except when work is being performed under a project labor agreement.

Within 30 days of the effective date of this act, the electrical corporation shall file a verified statement with the Public Service Commission stating that it has in place a qualification process. Any general rate proceeding filing thereafter shall be accompanied with a verified statement that the electrical corporation is using a competitive bidding process for installing no less than 10% of combined external installation expenditures in Missouri for construction services on distribution system projects. Nothing in this act shall require an electrical corporation to use a qualified contractor or competitive bidding process in the case of an emergency, or to terminate any existing contract prior to its expiration.

The Commission shall report to the General Assembly annually, with the first report being submitted by December 31, 2020, on the effects of contractor qualification and bidding under Section 393.1650.

RATE BASE INCREASE REGULATORY LIABILITY AND LIMITATIONS

This bill limits rate increases for electrical corporations that elect to be subject to the provisions of Sections 393.1275 or 393.1400, and that have more than 200,000 customers in 2018. An electrical corporation's base rates shall remain static for three years, except that rates may change due a reduction in revenues resulting from weather, an act of God, war, terrorism, or other uncontrollable event.

If, after five years from the date of an electrical corporation's latest rate proceeding concluding before the electrical corporation gave notice to be governed under Sections 393.1275 or 393.1400, the corporation's base rate for all customers reflects a growth rate of more than 3%, the corporation shall then establish a regulatory liability equal to \$25 million for electrical corporations with more than 1 million Missouri customers as of 2018, and \$6 million for corporations with more than 200,000 Missouri customers as of 2018, to be amortized over a reasonable period of time as determined by the Commission. However, if, after that same period, the corporation's base rate increases by more than 3.75%, the corporation shall then cease further deferrals. Additionally, if base rates for the corporation's large power service rate class increase by more than 2% over the same five year time period, such base rate shall be limited to a 2% increase with any reduced revenues arising from such a limitation being allocated amongst all other customers (Section 393.1655).

This bill is similar to SB 564 (2018) and SB 572 (2018).