

FIRST REGULAR SESSION

HOUSE BILL NO. 154

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE O'DONNELL.

0543H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 393.150, RSMo, and to enact in lieu thereof one new section relating to the public service commission.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 393.150, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 393.150, to read as follows:

393.150. 1. Whenever there shall be filed with the commission by any gas corporation, electrical corporation, water corporation or sewer corporation any schedule stating a new rate or charge, or any new form of contract or agreement, or any new rule, regulation or practice relating to any rate, charge or service or to any general privilege or facility, the commission shall have, and it is hereby given, authority, either upon complaint or upon its own initiative without complaint, at once, and if it so orders without answer or other formal pleading by the interested gas corporation, electrical corporation, water corporation or sewer corporation, but upon reasonable notice, to enter upon a hearing concerning the propriety of such rate, charge, form of contract or agreement, rule, regulation or practice, and pending such hearing and the decision thereon, the commission upon filing with such schedule, and delivering to the gas corporation, electrical corporation, water corporation or sewer corporation affected thereby, a statement in writing of its reasons for such suspension, may suspend the operation of such schedule and defer the use of such rate, charge, form of contract or agreement, rule, regulation or practice, but not for a longer period than one hundred and twenty days beyond the time when such rate, charge, form of contract or agreement, rule, regulation or practice would otherwise go into effect; and after full hearing, whether completed before or after the rate, charge, form of contract or agreement, rule,

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 regulation or practice goes into effect, the commission may make such order in reference to
19 such rate, charge, form of contract or agreement, rule, regulation or practice as would be
20 proper in a proceeding initiated after the rate, charge, form of contract or agreement, rule,
21 regulation or practice had become effective.

22 2. If any such hearing cannot be concluded within the period of suspension, as above
23 stated, the commission may, in its discretion, extend the time of suspension for a further
24 period not exceeding six months. **The last day of such six-month period shall be**
25 **considered the operation of law date.** At any hearing involving a rate sought to be
26 increased, the burden of proof to show that the increased rate or proposed increased rate is
27 just and reasonable shall be upon the gas corporation, electrical corporation, water
28 corporation or sewer corporation, and the commission shall give to the hearing and
29 decision of such questions preference over all other questions pending before it and decide the
30 same as speedily as possible.

31 **3. (1) Beginning July 1, 2026, the test year for proceedings under this section**
32 **shall, if requested by a gas corporation, water corporation, or sewer corporation, be a**
33 **future year consisting of the first twelve full calendar months after the operation of law**
34 **date determined as provided in subsections 1 and 2 of this section for schedules stating**
35 **new base rates filed by a gas corporation, water corporation, or sewer corporation**
36 **under this section unless the commission makes a determination that using a future test**
37 **year under this section is detrimental to the public interest. For ratemaking purposes,**
38 **the projected total rate base at the end of the future test year as authorized by the**
39 **Commission shall be used to establish new base rates. Unless otherwise ordered by the**
40 **commission, new base rates shall not go into effect before the first day of the future test**
41 **year.**

42 **(2) With respect to gas corporations, water corporations, or sewer corporations**
43 **that elect to utilize a future test year and notwithstanding section 393.270, within forty-**
44 **five days of the end of the future test year, such gas corporation, water corporation, or**
45 **sewer corporation shall update its base rates that were approved by the commission in**
46 **its report and order issued under subsections 1 and 2 of this section to reflect the total**
47 **rate base, annualized depreciation expense, income tax expense, payroll expense,**
48 **employee benefits other than pensions and other post-retirement benefits, and rate case**
49 **expense at the end of the future test year. The total ending rate base and expense items**
50 **reflected in this update shall not be greater than the total ending rate base and expense**
51 **items approved by the commission in its report and order establishing base rates. The**
52 **commission and parties to the case shall have sixty days to review the accuracy of the**
53 **updated information provided by a gas corporation, water corporation, or sewer**
54 **corporation. The commission shall order the corporation to file new tariff sheets that**

55 reflect the update, unless any party who was a party to the rate case files a request for a
56 hearing at which point the commission shall suspend the filed tariffs and order a
57 procedural schedule.

58 4. A gas corporation, water corporation, or sewer corporation that requests a
59 test year under subsection 3 of this section shall not recover the costs of any plant
60 investments made during the test year period under any of the mechanisms provided for
61 in section 393.1000, 393.1003, 393.1006, 393.1009, 393.1012, 393.1015, 393.1500,
62 393.1503, 393.1506, or 393.1509.

63 5. For a gas corporation, water corporation, or sewer corporation that elected to
64 use a future test year, a reconciliation of the rate base at the end of the future test year
65 shall be provided to the commission within forty-five days of the end of the future test
66 year. If the actual rate base is less than the rate base used to set base rates in the prior
67 general rate proceeding under subsections 1 and 2 of this section and notwithstanding
68 section 393.270, the portion of the annual revenue requirement comprising the rate base
69 difference shall be returned to customers. The revenue requirement shall be calculated
70 using rate base, depreciation expense, income tax expense, and the pre-tax rate of return
71 from the prior general rate proceeding under subsections 1 and 2 of this section. The
72 difference in revenue requirement shall be placed into a regulatory liability to be
73 returned to customers in the next general rate proceeding with such regulatory liability
74 to accrue carrying costs at the utility's weighted average cost of capital.

75 6. The commission may take into account any change in business risk to the
76 corporation resulting from implementation of the adjustment mechanism in setting the
77 corporation's allowed return in any rate proceeding, in addition to any other changes in
78 business risk experienced by the corporation.

79 7. For a gas corporation, water corporation, or sewer corporation that elected to
80 use a future test year, a reconciliation of payroll expense, employee benefits except for
81 pensions and other post retirement benefits, and rate case expense at the end of the
82 future test year shall be provided to the commission within forty-five days of the end of
83 the future test year. If the actual amounts for these expenses are less than the amounts
84 used to calculate the revenue requirement in the prior general rate proceeding under
85 subsections 1 and 2 of this section and notwithstanding section 393.270, the differences
86 shall be returned to customers. The difference in revenue requirement shall be placed
87 into a regulatory liability to be returned to customers in the next general rate case with
88 such regulatory liability to accrue carrying costs at the utility's weighted average cost of
89 capital.

90 8. For purposes of this section, the following terms shall mean:

91 **(1) "Base rates", rates or charges for public utility service other than rates or**
92 **charges under any rate adjustment mechanism including, but not limited to, those**
93 **approved under the provisions of sections 386.266, 393.1000, 393.1009, 393.1030,**
94 **393.1075, and 393.1500;**

95 **(2) "Revenue requirement", the amount of retail revenues from base rates**
96 **charged to retail customers for public utility service needed for a public utility to**
97 **recover its cost to provide utility service including reasonable and necessary expenses,**
98 **prudent investments, and the cost of capital.**

99 **9. The commission may promulgate all necessary rules and regulations for the**
100 **administration of this section. Any rule or portion of a rule, as that term is defined in**
101 **section 536.010, that is created under the authority delegated in this section shall**
102 **become effective only if it complies with and is subject to all of the provisions of chapter**
103 **536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable**
104 **and if any of the powers vested with the general assembly pursuant to chapter 536 to**
105 **review, to delay the effective date, or to disapprove and annul a rule are subsequently**
106 **held unconstitutional, then the grant of rulemaking authority and any rule proposed or**
107 **adopted after August 28, 2025, shall be invalid and void.**

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