

HB 599 -- MISSOURI PUBLIC SERVICE COMMISSION JURISDICTION

SPONSOR: Diehl

COMMITTEE ACTION: Voted "do pass" by the Committee on Job Creation and Economic Development by a vote of 12 to 0.

This bill removes the provision prohibiting the Missouri Public Service Commission from having jurisdiction over the rates, financing, accounting, or management of any electrical corporation operating as a not-for-profit cooperative.

FISCAL NOTE: No impact on state funds in FY 2010, FY 2011, and FY 2012.

PROPOSERS: Supporters say that the bill repeals a piece of special legislation that provided an exemption from regulation by the Missouri Public Service Commission for one company in southeast Missouri. The natural resources available in that area of the state are ideal for producing cement. The electricity required to produce cement accounts for 30% to 40% of the total cost. Therefore, it is critical that cement producers have stable, predictable costs for their electricity needs.

Testifying for the bill were Representative Diehl; Mississippi Lime Company; and Holcim, Incorporated.

OPPOSERS: Those who oppose the bill say that requiring Citizens Electric Company to be regulated by the commission will lead to increased costs because lawyers and additional staff will be required for handling rate cases that come before the commission. Being regulated by the commission will require its budget to have a margin about three times greater than it currently has because rate cases take nearly a year to resolve. The margin is essentially money held in reserve, in case of an emergency. Being regulated by the commission does not mean the commission will require lower rates, but simply having to go before the commission for rate cases will certainly increase rates.

Testifying against the bill were Andrew Sporleder, Citizens Electric Corporation; and Association of Missouri Electric Cooperatives.