

HB 1610 -- UTILITIES

SPONSOR: Schoeller

COMMITTEE ACTION: Voted "do pass" by the Committee on Utilities by a vote of 11 to 1.

Currently, rate adjustments in the purchase price of natural gas that are approved by the Missouri Public Service Commission are exempt from certain provisions relating to business license taxation. This bill adds a qualifying provision that any purchased gas adjustment rate must include the gas cost portion of net write-offs incurred by the gas company in providing service to customers. Any net write-offs may only be recovered once through purchased gas adjustment rates, and an annual true-up of the net write-offs is required. The commission must annually review gas companies' debt collection efforts to ensure that they are prudently pursuing collection of the amounts owed by customers.

The bill also specifies that any attempt to pay, or an actual payment of, a utility bill will not adversely affect the assistance that an otherwise eligible household would receive through the Utilicare Program and removes the requirement that a household must have its service disconnected for failure to pay its bill before being eligible for assistance.

Electric or gas companies must allow customers who incur an arrearage during the cold weather rule period to retain service by paying one-third of the arrearage, plus the current bill, in each of the three months following the cold weather rule period.

FISCAL NOTE: Estimated Cost on General Revenue Fund of Up to \$11,880,667 in FY 2011, Up to \$14,256,800 in FY 2012, and Up to \$14,256,800 in FY 2013. No impact on Other State Funds in FY 2011, FY 2012, and FY 2013.

PROPOSERS: Supporters say that the bill provides a fair method for recovering bad debt costs incurred by gas companies. It is difficult to estimate bad debt losses and then adjust rates in rate cases to allow recovery. The bill will allow gas companies to structure repayment plans more efficiently.

Testifying for the bill were Representative Schoeller; Missouri Energy Development Association; Laclede Gas Company; Ameren UE; Empire District Electric Company; and Missouri Gas Energy.

OPPOSERS: Those who oppose the bill say that uncollectable debts are not a "gas cost" for the purposes of the law or for accounting purposes. The bill will allow overrecovery of bad

debt costs, increase customer costs, and could discourage a gas company's attempts at debt collection since those costs will be recovered from consumers.

Testifying against the bill were Missouri Office of Public Counsel; Missouri Retailers Association; AARP Missouri State Office; Consumers Council of Missouri; and Missouri Association for Social Welfare.