

HCS HB 473 -- GAS CORPORATION FINANCIAL REGULATIONS

SPONSOR: Funderburk

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Utilities by a vote of 20 to 2.

This substitute changes the laws regarding a request to the Missouri Public Service Commission for a rate increase by a gas corporation. In its main provisions, the substitute:

(1) Requires a commission order or decision to specify the annual amount of net write-offs incurred as of the date revenues, rate base, and expenses were last updated or trued-up in the general rate proceeding. The corporation must thereafter defer and accumulate for future recovery from or return to customers 90% of the net increase or decrease in the annual amount of the net write-offs until they are updated or trued-up in the corporation's next general rate case proceeding. Subject to a review of the reasonableness and prudence of the corporation's collection practices, the deferred amounts must be recovered from or returned to customers through a positive or negative rate base adjustment designed to recover or return the amounts within five years;

(2) Prohibits the commission from approving an infrastructure system replacement surcharge (ISRS) request from a gas corporation to the extent that it would produce total annualized ISRS revenues exceeding 15% of the corporation's base revenue level approved by the commission in its most recent general rate case proceeding. Currently, the commission cannot approve an ISRS to the extent that it would produce total annualized ISRS revenues exceeding 10% of the corporation's base revenue level approved in its most recent general rate proceeding; and

(3) Prohibits the commission from approving an infrastructure system replacement surcharge (ISRS) request from a gas corporation that has not had a general rate proceeding decided or dismissed within the past five years, instead of the current within the past three years, unless the corporation has filed or is the subject of a new general rate proceeding.

The substitute contains an emergency clause.

PROPONENTS: Supporters say that the bill will allow gas companies to deal with bad debt collection more efficiently. Rate cases cost a large amount of time and money. There is a 10% penalty for failing to collect bad debt. Currently, Missouri has great infrastructure and safety practices and the ISRS mechanism works well to ensure reliable service.

Testifying for the bill were Representative Funderburk; Laclede Gas Company; Pat White, labor representative from Laclede; Missouri Gas Energy; and Missouri Energy Development Association.

OPPONENTS: Opponents of the bill say that debt collection is unrelated to infrastructure replacement and repair and should be accounted for during general rate cases where all factors are considered. Allowing automatic recovery could result in overcharging consumers and decreasing attempts to collect bad debt.

Testifying against the bill were Office of the Public Counsel; Consumers Council of Missouri; Michael Brosch of Utilitech; and Bryan Cave LLP.