

HCS HB 1316 -- PUBLIC UTILITIES

SPONSOR: Pollock (Riddle)

COMMITTEE ACTION: Voted "do pass" by the Committee on Utilities by a vote of 17 to 2 with 1 present.

This substitute changes the laws regarding the regulation of public utilities. The total amount of assessments to all public utilities to fund the Missouri Public Service Commission is reduced from a maximum of one-fourth of 1% to twenty-three hundredths of 1% of the total gross intrastate operating revenues of all utilities subject to the jurisdiction of the commission. The Office of Public Counsel is allowed to be funded by a maximum of four hundredths of 1% of the total gross intrastate operating revenues of all utilities subject to the jurisdiction of the commission. The amount allocated to telephone corporations cannot exceed 3% of the total estimated expenses directly attributable to the public counsel's responsibilities, the amount for water corporations cannot exceed 8%, and the amount for gas corporations cannot exceed 15%. The Public Counsel Fund is created to be used solely for the payment of expenditures actually incurred by the public counsel attributable to his or her responsibilities. The public counsel will no longer be funded from general revenue. The public counsel will be allowed to attribute regulatory expenses in the same manner as the commission for the purpose of receiving a proportion of gross operating revenue.

An electrical corporation seeking an early site permit from the United States Nuclear Regulatory Commission, upon beginning the permitting process, is required to seek permission from the Missouri Public Service Commission to recover from ratepayers up to \$45 million of prudent expenditures on the permit process over a period not to exceed six years. Rate recovery may commence with the effective date of tariffs approved by the Missouri Public Service Commission in the applicable corporation's first general rate proceeding filed after the date on which the early site permit is obtained and the federal commission's grant of the early site permit is final and unappealable. This process will allow for the recovery of expenses made prior to the time that a generation facility is fully operational and, therefore, is an exception to Section 393.135, RSMo. Cost recovery may be challenged in a rate case, and the electric company will have the burden of proof of showing that a cost was prudent. The burden of proof for issues regarding whether the decision to seek an early site permit was prudent will be on the challenger. If an electrical corporation has recovered from ratepayers its expenses for the permit and it subsequently sells or transfers some or all of its interest in the permit or receives reimbursement for its

expenses from another source, the state commission must refund those proceeds to the ratepayers with interest. The state commission may award up to 25% of any excess profits above the amount paid by ratepayers to the electrical corporation.

The Governor's Task Force on Electrical Generation Options is established to review evidence regarding generation options including nuclear power options other than a traditional large baseload nuclear plant. The composition and purpose of the task force is specified in the substitute. The task force must issue a report by September 30, 2012.

The substitute contains a nonseverability clause and if any section or part of a section is held to be invalid or unconstitutional, the decision will not affect any remaining section or part of a section.

The substitute contains an emergency clause.

FISCAL NOTE: Estimated Net Income on General Revenue Fund of \$525,922 in FY 2013, \$1,072,066 in FY 2014, and \$1,083,863 in FY 2015. No impact on Other State Funds in FY 2013, FY 2014, and FY 2015.

PROPOSERS: Supporters say that the bill will allow Missouri to increase the supply of electricity and keep rates low over the long term. Coal fire plants have increasing environmental costs because of federal regulations, and we need an alternative source of clean energy for the state. The construction of a new nuclear plant will also create thousands of jobs and help stimulate the economy.

Testifying for the bill were Representative Riddle; Department of Economic Development; Ameren UE; Brent Stuart, Association of Electric Corporations; Missouri Municipal League; Kansas City Power and Light; Empire District Electric Company; Laclede Gas Company; Missouri Energy Development Association; Bruce Hackman, Economic Development Council for Fulton and Callaway County; Lonnie Cory; Paula Johnson; and Susan Clancy.

OPPOSERS: Those who oppose the bill say that customers should not have to pay for the costs of an early site permit because Ameren UE may proceed without legislation to seek a permit. Current law does not allow customers to be charged for the up front costs until a plant is operational and providing electricity. The bill may increase electrical costs without providing much benefit to consumers because few nuclear plants are actually constructed in the United States compared to those that start the permit process. The Office of Public Council should receive more funding as in the Senate version of the bill.

Testifying against the bill were the Fair Energy Rate Action Fund; Ed Smith, Missouri Coalition for the Environment; AARP; Missouri Association for Social Welfare; Missouri Industrial Energy Consumers; and Steven Star.