

HCS HB 1471 -- INFRASTRUCTURE REPLACEMENT SURCHARGE

SPONSOR: Dugger

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Utility Infrastructure by a vote of 16 to 1. Voted "Do Pass with HCS" by the Select Committee on Utilities by a vote of 10 to 1.

Currently, the limitation on surcharges under Section 393.1012, RSMo, is based on 10% of a gas corporation's most recently approved base revenue level. This bill modifies the calculation to ensure that a surcharge cannot be approved if the limit would be exceeded in any three year consecutive period after the surcharge is approved.

The bill increases the time period that a surcharge is in effect from three to five years. It also adds an expiration date of December 31, 2036 and sets as a maximum cap for consumer price increases to pay for the surcharge is set at \$1.50 per year as adjusted by a price index specified in the bill.

PROPOSERS: Supporters say that the bill will ensure more efficient and reliable gas service to customers by allowing periodic replacement of outdated infrastructure at lower costs. It will maintain and create jobs related to infrastructure replacement and repair. Missouri is currently one of only five states that strictly limits infrastructure surcharge replacement periods. Most other states do not require general rate cases to be held on a periodic basis, but this legislation will still retain a five-year general rate case requirement.

Testifying for the bill were Representative Dugger; Steve Lindsey, The Laclede Group; Craig Dowdy, The Laclede Group; Missouri Energy Development Association; Liberty Utilities; and the Gas Workers Local 11-6.

OPPOSERS: Those who oppose the bill say that it will substantially reduce consumer protections by allowing gas corporations to use a single component rate-making process for long periods of time without a general rate case proceeding that considers all components of a regulated utility's earnings. The surcharges could lead to faster consumer price increases which have a disproportionate impact on low income consumers.

Testifying against the bill were Consumers Council Of Missouri; Steven Spinner, MIEC; and Empower Missouri.