

HB 2158 -- UTILITY RATE SCHEDULE ADJUSTMENTS

SPONSOR: Fraker

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Utility Infrastructure by a vote of 11 to 2.

The bill allows any gas, water, or sewer corporation to file revenue stabilization rate schedules with the Public Service Commission that authorize periodic rate adjustments outside of general rate proceedings to ensure that revenues collected by the corporation do not vary from the revenues authorized by the Commission in the corporation's last general rate proceeding. Adjustments are made on the basis of variations in customer demand and usage of gas, water, and electricity and the bill specifies procedures for calculating and filing such rate schedule adjustments.

PROPOSERS: Supporters say that the bill allows water, sewer, and gas utilities the ability to ensure a stable and constant income stream by smoothing out variations in income caused by weather events. The rate mechanism uses both surcharges and credits to adjust water pricing based on actual water use. The surcharges are capped to prevent a large increase in a single period. A steady income is necessary for borrowing and bond funding for construction projects and infrastructure replacement. The bill could also encourage water conservation as the current process bases almost the entire water bill on fixed costs and set water price and not actual water usage.

Testifying for the bill were Representative Fraker; Missouri American Water; Missouri Energy Development Association; Laclede Gas Company; Liberty Utilities; Natural Resources Defense Council; and Associated General Contractors of St. Louis.

OPPOSERS: Those who oppose the bill say that the Public Service Commission should evaluate the entire process of income earning by utilities and allow a fair rate of return based on overall earning. Single components that affect earning should not be isolated from the overall process of rate case review. An empirical analysis of the rate mechanism would likely show that utilities often benefit from rate adjustment surcharges and financing even if they are also increasing overall profits based on other factors.

Testifying against the bill were Consumers Council Of Missouri; AARP Missouri; and the Missouri Association For Social Welfare.