

HCS HB 1415 -- UTILITIES

SPONSOR: Bromley

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Judiciary by a vote of 7 to 2.

The following is a summary of the House Committee Substitute for HB 1415.

This bill provides that the Public Service Commission shall have the authority to adjust the rates of utility corporations that do not have general rate proceedings pending as of the effective date of the bill to reflect the effects of any tax legislation passed by the U.S. Congress or the General Assembly. As an alternative to the rate change, an electrical corporation may make deferrals to a regulatory asset, provided that good cause is shown.

The bill also specifies that, before the Public Service Commission (PSC) issues an approval for a merchant line, an entity, defined in the bill, must provide the PSC with a resolution of support passed by the county commission in each county through which the merchant line will be built. The bill specifies that no entity has the power of eminent domain for the purposes of constructing merchant lines. This restriction will not apply to any rural electric cooperatives or any electrical corporation operating under a cooperative business plan.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPOSERS: Supporters say that this deals with utility rate adjustments for utilities regulated by the Public Service Commission (PSC). If there is a change in tax legislation, utilities can avoid having to file a complete rate case to get the utility relief refund. It allows the utility to submit information and it would be considered by the PSC and the PSC would have to refund the customers. If there is a tax increase, the utility could start accruing money on the books for what the tax liability would do to their overall tax structures. They could put the money on the books to show that the legislation cost them that money. This does nothing to PSC's authority. There can be an adjustment without a full hearing, basically. Full rate cases can even take 11 months, so it would take a long time for utilities to be able to recover from customers or to refund customers, depending on which way the taxes go. The bill is asymmetric toward benefiting customers. Under this bill, the PSC could get money refunded to customers much more quickly because they have to make a decision

within 180 days.

Testifying for the bill were Representative Bromley; Liberty Utilities; Evergy; Summit Utilities; and Ameren Missouri.

OPPONENTS: Those who oppose the bill say that rate payers will be suffering for this legislation. The only way they make their money is from rate payers. This bill was not presented when tax rates went down, so it is not actually as fair to consumers as they want you to believe. Plant In Service Accounting (PISA) drives rates higher and higher. Ameren filed for a 12% rate increase today. Nothing is being done for customers because it says it is fair to customers because they get a faster refund when rates go down, but no one is talking about tax reductions; the federal government is talking about a tax increase, so it is irrelevant.

Testifying against the bill were Arnie C. Dienoff; and David Woodsmall, Midwest Energy Consumers Group.

Written testimony has been submitted for this bill. The full written testimony can be found under Testimony on the bill page on the House website.