

FIRST EXTRAORDINARY SESSION

HOUSE BILL NO. 3

99TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MILLER.

2424H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 393, RSMo, by adding thereto one new section relating to ratemaking for public utilities.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 393, RSMo, is amended by adding thereto one new section, to be known as section 393.1410, to read as follows:

393.1410. 1. It shall be the policy of the state of Missouri for the commission to regulate electrical corporations in a manner to best ensure safe, reliable, and affordable energy for ratepayers through just and reasonable rates. To comply with this policy, the commission may support expenditures by electrical corporations that maintain or improve the reliability, safety, security, or automation of electric infrastructure, including the use of the latest technologies to meet the needs and expectations of customers if the commission determines that doing so is in the best interests of ratepayers by ensuring that energy is safe, reliable, and affordable in Missouri.

2. As used in this section, the following terms shall mean:

(1) "Decisional pre-approval with a post-construction review of construction projects", a process in which the electrical corporation may request commission pre-approval of a decision to undertake major construction projects, whereby, if pre-approval is granted, the electrical corporation shall remain subject to a post-construction review of the prudence and reasonableness of the incurred costs of the projects prior to inclusion of the costs in customer rates;

(2) "Grid modernization incentive mechanisms", special ratemaking treatments granted to an electrical corporation to provide an incentive to engage in investments that

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in bold-face type in the above bill is proposed language.

18 modernize transmission, distribution, or metering system components installed pursuant
19 to a commission-approved grid modernization plan, and which may include allowing the
20 utility to defer depreciation, expense, and carrying costs on qualifying plant additions until
21 the point that such investments are included in the electrical corporation's rate base for
22 ratemaking purposes;

23 (3) "Partially forecasted test years", a test year consisting of twelve consecutive
24 months of financial information utilized in a rate proceeding as a starting point to
25 determine an electrical corporation's authorized revenue requirement that includes no
26 more than six months of forecasted data;

27 (4) "Performance-based ratemaking", rates subject to the upward or downward
28 periodic adjustment outside of a general rate case based on a utility's ability to meet certain
29 preset financial or operating criteria established by the commission;

30 (5) "Revenue decoupling with regular adjustments", a mechanism to adjust rates
31 prospectively to account for deviations in usage, demand, and customer count such that an
32 electrical corporation's revenues for a given time period, as adjusted by costs previously
33 determined in a general rate case, match that utility's commission-approved revenues.

34 3. Subject to the prohibitions of section 393.135, the commission may utilize
35 partially forecasted test years, grid modernization incentive mechanisms,
36 performance-based ratemaking, revenue decoupling with regular adjustments, or
37 decisional pre-approval with post-construction review of construction projects. To the
38 extent the commission's approval of a rate adjustment mechanism or other mechanism
39 provided for by this section specifies a term over which the approval is to continue, the
40 commission shall lack the authority to arbitrarily modify or eliminate the electrical
41 corporation's use of the mechanism or tool during the specified term.

42 4. The commission may only utilize any of the ratemaking mechanisms specified
43 in this section upon the electricity corporation establishing and the commission
44 determining that use of the mechanism in the particular instance would result in an overall
45 benefit to ratepayers considering its impact on rates, reliability, safety, security, and
46 customer service.

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