

FIRST EXTRAORDINARY SESSION

SENATE BILL NO. 2

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATORS ROMINE AND LIBLA.

Read 1st time May 22, 2017, and ordered printed.

ADRIANE D. CROUSE, Secretary.

2416S.01I

AN ACT

To amend chapter 393, RSMo, by adding thereto one new section relating to ratemaking for electrical corporations, with an emergency clause.

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
2 section, to be known as section 393.355, to read as follows:

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

3 (1) "Aluminum smelting facility", a facility whose primary
4 industry is the smelting of aluminum and primary metals, Standard
5 Industrial Classification Code 3334;

6 (2) "Electrical corporation", the same as defined in section
7 386.020, but shall not include an electrical corporation as described in
8 subsection 2 of section 393.110;

9 (3) "Steel works facility", a facility whose primary industry is the
10 production or fabrication of steel, North American Industry
11 Classification System 331110.

12 2. Notwithstanding section 393.130 or any other provision of law
13 to the contrary, the public service commission shall have the authority
14 to approve a special rate that is not based on the electrical
15 corporation's cost of service but is above the electrical corporation's
16 incremental cost of providing power for an aluminum smelting facility
17 or a steel works facility if the commission:

18 (1) Determines the special rate is in the interest of the state of
19 Missouri when considering the collective interests of the customers of
20 the electrical corporation serving the facility and the interests of the
21 citizens of the state generally in promoting economic development,

22 **improving the tax base, and providing employment opportunities in the**
23 **state;**

24 **(2) In each general rate proceeding of the electrical corporation**
25 **servicing the facility, allocates the reduced revenues from the special**
26 **rate as compared to the revenues that would have been generated at**
27 **the rate the facility would have paid without the special rate to the**
28 **electrical corporation's other customers through a uniform percentage**
29 **adjustment to all components of the base rates of all customer classes;**
30 **and**

31 **(3) Approves a tracking mechanism meeting the requirements of**
32 **subsection 3 of this section.**

33 **3. Any commission order approving a special rate authorized by**
34 **this section to provide service to an aluminum smelting facility or steel**
35 **works facility in the manner specified in subsection 4 of this section**
36 **shall establish a tracking mechanism to track changes in the net**
37 **margin experienced by the electrical corporation servicing the facility**
38 **with the tracker to apply retroactively to the date the electrical**
39 **corporation's base rates were last set in its last general rate proceeding**
40 **concluded prior to the effective date of this section. The commission**
41 **shall ensure that the changes in net margin experienced by the**
42 **electrical corporation between general rate proceedings as a result of**
43 **servicing the facility are calculated in such a manner that the electrical**
44 **corporation's net income is neither increased nor decreased. The**
45 **changes in net margin shall be deferred to a regulatory liability or**
46 **regulatory asset, as applicable, with the balance of such regulatory**
47 **asset or liability to be included in the revenue requirement of the**
48 **electrical corporation in each of its general rate proceedings through**
49 **an amortization of the balance over a reasonable period until fully**
50 **returned to or collected from the electrical corporation's customers.**

51 **4. An electrical corporation is authorized to provide electric**
52 **service to an aluminum smelting facility or steel works facility at a**
53 **special rate authorized by this section in one of two ways:**

54 **(1) Under a rate schedule reflecting the special rate if the facility**
55 **is located within the electrical corporation's certificated service**
56 **territory; or**

57 **(2) Notwithstanding section 393.170, under a contract between**
58 **the facility and the electrical corporation reflecting the special rate**

59 approved by the commission under the terms and conditions of this
60 section.

61 In any case where the electric service is provided under a contract
62 referenced in subdivision (2) of this subsection, the facility shall be a
63 retail electric customer of the commission-regulated electrical
64 corporation and the rates, charges, and revenues under the contract
65 shall, for ratemaking purposes, be treated by the commission as if the
66 rates, charges, and revenues arise under the electrical corporation's
67 tariff.

68 5. To receive a special rate, the facility shall file a written
69 application with the commission specifying the requested special rate,
70 any terms or conditions proposed by the facility respecting the
71 requested special rate, and provide information regarding how the
72 requested special rate meets the criteria specified in subdivision (1) of
73 subsection 2 of this section and, if service is to be provided under
74 subdivision (2) of subsection 4 of this section, including the contract
75 agreed upon by the facility and the electrical corporation. A special
76 rate provided for by this section shall not continue beyond ten years
77 after the date of its approval or December 31, 2027, whichever occurs
78 first. The commission may impose such conditions on the special rate
79 as it deems appropriate so long as it otherwise complies with the
80 provisions of this section; provided that, if a special rate is approved
81 for a specified term, the commission shall lack the authority to modify
82 or eliminate the special rate during the specified term unless it
83 determines after hearing that the special rate no longer complies with
84 the conditions required by subsection 2 of this section.

Section B. Because of the immediate need to create new jobs, and to allow
2 the public service commission flexibility in electric utility ratemaking in order to
3 achieve job creation, section A of this act is deemed necessary for the immediate
4 preservation of the public health, welfare, peace and safety, and is hereby
5 declared to be an emergency act within the meaning of the constitution, and
6 section A of this act shall be in full force and effect upon its passage and
7 approval.

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