

SECOND REGULAR SESSION

SENATE BILL NO. 909

97TH GENERAL ASSEMBLY

INTRODUCED BY SENATORS PARSON AND KEHOE.

Read 1st time February 20, 2014, and ordered printed.

TERRY L. SPIELER, Secretary.

6078S.03I

AN ACT

To amend chapter 393, RSMo, by adding thereto one new section relating to cost recovery for electrical corporations.

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 393.1400, to read as follows:

**393.1400. 1. Electrical corporations shall recover any changes in
2 deferred depreciation expenses and return associated with all of the
3 assets that constitute a qualifying electric plant placed in service
4 during each relevant period, by placing such depreciation expenses and
5 return in a regulatory asset account. The balance in the regulatory
6 asset account shall be included in the determination of the electrical
7 corporation's rate base, to which the electrical corporation's weighted
8 cost of capital is applied, without any offset, reduction, or adjustment
9 based on any other factor or otherwise during the electrical
10 corporation's next general rate proceeding. The amount recoverable in
11 the regulatory asset account may be amortized and recovered in rates
12 over a period of thirty-five years. The commission shall retain its
13 authority to review such depreciation expenses and return placed in
14 the regulatory asset account for prudence during the electrical
15 corporation's general rate proceeding.**

**16 2. An electrical corporation shall be able to recover, through the
17 same method authorized in subsection 1 of this section, depreciation
18 expenses and return associated with all of the assets that constitute a
19 qualifying electric plant placed in service from the end of any relevant
20 period to the effective date of customer rates that take into account
21 deferred depreciation expenses and return.**

22 3. The maximum average retail rate increase caused by the
23 inclusion of the balance of a regulatory asset account during the most
24 recent relevant period shall be determined by multiplying one percent
25 by the number of completed months since the date in which rate base
26 additions were accounted for in the electrical corporation's most
27 recently completed general rate proceeding, divided by twelve. The
28 maximum average retail rate increase shall be reflected as a
29 percentage.

30 4. Notwithstanding subsection 3 of this section, the maximum
31 average retail rate increase caused by the inclusion of the balance of
32 a regulatory asset account during an electrical corporation's most
33 recently completed general rate proceeding shall not increase the retail
34 rates of a customer of an electrical corporation that has a minimum
35 billing demand of five megawatts or more in recognition of the fact that
36 many customers with such billing demand take service at a higher
37 voltage level and own, operate, and maintain certain electric service
38 infrastructure that serves their premises. The sum of revenues that
39 would have been produced but for this exclusion shall not be collected
40 from other customers.

41 5. Nothing in this section shall limit the commission's authority
42 to authorize an electrical corporation to defer depreciation expenses
43 and return on qualifying electric plants for recovery in a general rate
44 proceeding.

45 6. For purposes of calculating deferred depreciation expenses
46 and return:

47 (1) Deferred depreciation expenses shall equal the original cost
48 of each asset included in the qualifying electric plant placed in service
49 during the relevant period less retirements, multiplied by the weighted
50 average depreciation rate for all of the electrical corporation's
51 assets. Electrical corporation assets shall be calculated using the
52 depreciation rate used to determine the electrical corporation's
53 revenue requirement in the electrical corporation's most recently
54 completed general rate proceeding concluded prior to the relevant
55 period, adjusted to account for the time the asset is in service prior to
56 the end of the relevant period;

57 (2) Deferred return shall equal the sum of the original cost of
58 each asset included in the qualifying electric plant placed in service

59 during the relevant period less accumulated depreciation on each asset,
60 multiplied by the electrical corporation's weighted cost of capital. The
61 electrical corporation's weighted cost of capital shall be the weighted
62 cost of capital used to determine the electrical corporation's revenue
63 requirement in the electrical corporation's most recently completed
64 general rate proceeding concluded prior to the relevant period,
65 adjusted to account for the time the asset is in service since the
66 electrical corporation's most recently completed general rate
67 proceeding prior to the end of the relevant period, plus applicable
68 federal, state, local income, or excise taxes.

69 7. For purposes of this section, the following terms shall mean:

70 (1) "Commission", the public service commission;

71 (2) "Electrical corporation", the same as defined in section
72 386.020;

73 (3) "Qualifying electric plants":

74 (a) Capital projects undertaken to comply with federal, state, or
75 local environmental law, regulation, or rule not being recovered in a
76 rate schedule authorized under subsection 2 of section 386.266, or to
77 comply with electrical corporation owned solar generation
78 requirements imposed by law;

79 (b) Aging infrastructure projects consisting of replacements or
80 modernizations of existing transmission and distribution facilities that
81 are obsolete, have worn out, or are in a deteriorated condition;

82 (c) Aging infrastructure projects consisting of replacements or
83 modernizations of existing transmission and distribution facilities
84 where reasonably necessary to maintain or improve customer
85 reliability or to comply with applicable reliability standards;

86 (d) Replacements or modernizations of existing generation
87 facility components that are obsolete, have worn out, or are in a
88 deteriorated condition, or where reasonably necessary to maintain or
89 improve the reliability of an existing generation facility;

90 (e) Capital reliability projects implementing electric grid
91 automation technologies, including automated switches, supervisory
92 control and data acquisition devices, wireless sensors, fault indicating
93 devices, and other devices that improve customer reliability or that
94 comply with applicable reliability standards, and construction or
95 transmission and distribution facilities, whether replacements,

96 modernizations, or new facilities to harden the electric grid against
97 damage from severe weather events or natural disasters;

98 (4) "Relevant period", a period starting on the date in which rate
99 base additions are accounted for in developing an electrical
100 corporation's revenue requirement in a general rate proceeding, and
101 ending on the date in which rate base additions are accounted for in
102 the electrical corporation's next general rate proceeding.

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