

## SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 1280

AN ACT

To repeal section 393.150, RSMo, and to enact in lieu thereof one new section relating to the public service commission.

---

---

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

Section A. Section 393.150, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 393.150, to read as follows:

393.150. 1. Whenever there shall be filed with the commission by any gas corporation, electrical corporation, water corporation or sewer corporation any schedule stating a new rate or charge, or any new form of contract or agreement, or any new rule, regulation or practice relating to any rate, charge or service or to any general privilege or facility, the commission shall have, and it is hereby given, authority, either upon complaint or upon its own initiative without complaint, at once, and if it so orders without answer or other formal pleading by the interested gas corporation, electrical corporation, water corporation or sewer corporation, but upon reasonable notice, to enter upon a hearing concerning the propriety of such rate, charge, form of contract or agreement, rule, regulation or practice, and pending such hearing and the decision thereon, the commission upon filing with such schedule, and delivering to the gas corporation, electrical corporation, water corporation or sewer corporation affected thereby, a statement in writing of its reasons for such suspension, may suspend the operation of such schedule and defer the use of such rate, charge, form of contract or agreement, rule,

regulation or practice, but not for a longer period than one hundred and twenty days beyond the time when such rate, charge, form of contract or agreement, rule, regulation or practice would otherwise go into effect; and after full hearing, whether completed before or after the rate, charge, form of contract or agreement, rule, regulation or practice goes into effect, the commission may make such order in reference to such rate, charge, form of contract or agreement, rule, regulation or practice as would be proper in a proceeding initiated after the rate, charge, form of contract or agreement, rule, regulation or practice had become effective.

2. If any such hearing cannot be concluded within the period of suspension, as above stated, the commission may, in its discretion, extend the time of suspension for a further period not exceeding six months, the last day of which period shall be considered the operation of law date. At any hearing involving a rate sought to be increased, the burden of proof to show that the increased rate or proposed increased rate is just and reasonable shall be upon the gas corporation, electrical corporation, water corporation or sewer corporation, and the commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible.

3. (1) The test year for proceedings under this section shall, if requested by a gas corporation, water corporation or sewer corporation, be a future year consisting of the first twelve full calendar months after the operation of law date determined as provided in subsections 1 and 2 of this section for schedules stating new base rates filed by a gas corporation, water corporation, or sewer corporation under this section.

Unless otherwise ordered by the commission, new base rates shall not go into effect before the first day of the future test year.

(2) With respect to gas corporations, water corporations, or sewer corporations that elect to utilize a future test year and notwithstanding section 393.270, within thirty days of the end of the future test year, such gas corporation, water corporation, or sewer corporation shall update its base rates that were approved by the commission in its report and order issued under subsections 1 and 2 of this section to reflect the total rate base, annualized depreciation expense, income tax expense, payroll expense, employee benefits (other than pensions and other post-retirement benefits) and rate case expense at the end of the future test year. The commission shall have sixty days to review the accuracy of the updated information provided by a gas corporation, water corporation, or sewer corporation.

4. For a gas corporation, water corporation, or sewer corporation that elected to use a future test year, a reconciliation of the rate base at the end of the future test year shall be provided to the commission within thirty days of the end of the future test year. If the actual rate base is less than the rate base used to set base rates in the prior general rate proceeding under subsections 1 and 2 of this section, and notwithstanding section 393.270, the portion of the annual revenue requirement comprising the rate base difference shall be returned to customers. The revenue requirement shall be calculated using rate base, depreciation expense, income tax expense, and the pre-tax rate of return from the prior general rate proceeding under subsections 1 and 2 of this section. The difference in revenue requirement shall be placed into a regulatory liability to be returned to customers in the next general

rate proceeding with such regulatory liability to accrue carrying costs at the utility's weighted average cost of capital.

5. For a gas corporation, water corporation, or sewer corporation that elected to use a future test year, a reconciliation of payroll expense, employee benefits except for pensions and other post retirement benefits, and rate case expense at the end of the future test year shall be provided to the commission within thirty days of the end of the future test year. If the actual amounts for these expenses are less than the amounts used to calculate the revenue requirement in the prior general rate proceeding under subsections 1 and 2 of this section, and notwithstanding section 393.270, the differences shall be returned to customers. The difference in revenue requirement shall be placed into a regulatory liability to be returned to customers in the next general rate case with such regulatory liability to accrue carrying costs at the utility's weighted average cost of capital.

6. For purposes of subsection 3 of this section, the following terms shall mean:

(1) "Base rates", rates or charges for public utility service other than rates or charges under any rate adjustment mechanism including, but not limited to, those approved under the provisions of sections 386.266, 393.1000, 393.1009, 393.1030, 393.1075, and 393.1500;

(2) "Revenue requirement", the amount of retail revenues from base rates charged to retail customers for public utility service needed for a public utility to cover its cost to provide utility service including reasonable and necessary expenses, prudent investments, and the cost of capital.