

SECOND REGULAR SESSION

SENATE BILL NO. 972

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR ROMINE.

Read 1st time January 30, 2018, and ordered printed.

ADRIANE D. CROUSE, Secretary.

6240S.011

AN ACT

To amend chapters 386 and 393, RSMo, by adding thereto sixteen new sections relating to energy.

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

Section A. Chapters 386 and 393, RSMo, are amended by adding thereto
2 sixteen new sections, to be known as sections 386.1000, 386.1005, 386.1010,
3 386.1015, 386.1020, 386.1025, 386.1030, 393.1300, 393.1305, 393.1310, 393.1315,
4 393.1320, 393.1325, 393.1330, 393.1335, and 393.1340, to read as follows:

386.1000. Sections 386.1000 to 386.1030 shall be known and cited
2 as the "Missouri Energy Freedom Act".

386.1005. Sections 386.1000 to 386.1030 reflect the critical role
2 that abundant, affordable, reliable, and secure supplies of energy have
3 in advancing the economy of the state and the security, health, and
4 welfare of its citizens. The right of citizens to directly invest in
5 renewable energy resources to meet their own energy needs, while also
6 connecting to the electric grid, shall not be limited more than is
7 necessary to protect the safety and security of the electric grid.

386.1010. As used in sections 386.1000 to 386.1030, the following
2 terms shall mean:

3 (1) "Contract customer", a person, corporation, or legal entity,
4 including affiliates and subsidiaries, who executes or will execute a
5 renewable energy contract with an owner or developer of a renewable
6 energy facility or with an electrical corporation;

7 (2) "Participating customer", a person, corporation, or legal
8 entity that is a customer of an electrical corporation and that elects to
9 have some or all of its electricity needs supplied by renewable energy
10 under a voluntary renewable pricing program;

11 **(3) "Renewable energy contract", a contract established under**
12 **section 393.1015 between a contract customer and an owner or**
13 **developer of a renewable energy facility or facilities that provides for**
14 **the delivery of electricity to a contract customer by one the following**
15 **means:**

16 **(a) From one renewable energy facility to a contract customer's**
17 **single metered delivery location;**

18 **(b) From multiple renewable energy facilities to a contract**
19 **customer's single metered delivery location;**

20 **(c) From one or more renewable energy facilities to a single**
21 **contract customer's multiple metered delivery locations; or**

22 **(d) From one or more renewable energy facilities to a single**
23 **contract customer for distribution to multiple contract customers'**
24 **metered delivery locations;**

25 **(4) "Renewable energy facility", a facility for the production of**
26 **electrical energy that utilizes a renewable energy resource, as defined**
27 **in subdivision (5) of section 393.1025, and does not include an electric**
28 **generating facility whose costs have been included in an electrical**
29 **corporation's rates as a facility providing electric service to the**
30 **electrical corporation's system;**

31 **(5) "Voluntary renewable purchase program", a tariff filed with**
32 **the commission that enables a participating customer to purchase**
33 **electricity from a renewable energy facility or facilities in place of a**
34 **portion or all of the participating customer's standard electric service.**

386.1015. 1. Following the publication of rules and regulations
2 **necessary to implement this section, a contract customer may enter into**
3 **a renewable energy contract with an owner or developer of a renewable**
4 **energy facility or facilities for the sale of electricity to meet some or all**
5 **of the contract customer's energy needs.**

6 **2. An owner or developer of a renewable energy facility that**
7 **enters into a renewable energy contract described in this section shall**
8 **not be deemed to be an electrical corporation, a municipally owned or**
9 **operated electric power system as defined in section 91.025, or a rural**
10 **electric cooperative established under chapter 394.**

11 **3. A renewable energy contract shall provide for the pricing and**
12 **duration of the contract, as determined through negotiation between**
13 **the contract customer and the owner or developer of the renewable**

14 energy facility or facilities.

15 4. To be eligible for entering a renewable energy contract under
16 this section, a contract customer shall meet a minimum annual peak
17 demand of one megawatt, provided that a single contract customer may
18 aggregate multiple metered delivery locations to satisfy the annual
19 peak demand megawatt limit.

20 5. Nothing shall prevent an electrical corporation from entering
21 into a renewable energy contract directly with a contract customer, in
22 which case the commission shall allow an electrical corporation to
23 recover its prudently incurred cost of renewable generation procured
24 under the renewable energy contract that is not otherwise recovered
25 from the renewable energy contract as provided in section 386.1025.

26 6. The right to any renewable energy credit, as defined in section
27 393.1025, or any other environmental attribute associated with the sale
28 of electricity under a renewable energy contract under this section
29 shall transfer to the contract customer, except to the extent that a
30 renewable energy contract provides otherwise.

31 7. Within thirty days after receiving notice of a renewable energy
32 contract and request from a contract customer under this section, and
33 subject to reasonable credit requirements, an electrical corporation
34 shall:

35 (1) Contract with the renewable energy facility's owner to
36 purchase electricity for resale to the contract customer; and

37 (2) Sell such electricity to the contract customer according to the
38 duration and pricing terms in the renewable energy contract, plus any
39 additional costs the electrical corporation is authorized to recover.

40 8. Within sixty days of publication of rules and regulations
41 necessary to effectuate the provisions of this section, an electrical
42 corporation shall file for commission approval a tariff to facilitate the
43 delivery of power under renewable energy contracts under this section.
44 An electrical corporation shall charge a contract customer for all
45 metered electric service delivered to the contract customer under the
46 terms of the renewable energy contract as well as any required
47 supplemental energy service, and the tariff shall include rates as
48 determined by the commission for an electrical corporation for the
49 recovery of:

50 (1) Cost-based administrative service;

51 **(2) Cost-based distribution service;**
52 **(3) Cost-based transmission service;**
53 **(4) Cost-based monthly generation capacity service; and**
54 **(5) Cost-based energy service for any kilowatt-hours of**
55 **electricity contracted for delivery but not delivered from the renewable**
56 **energy facility.**

57 **9. The contract customer shall be responsible for any federal**
58 **jurisdictional incremental costs required by the transmission**
59 **organization of which the electrical corporation is a member for**
60 **delivery of the electricity from the renewable energy facility to the**
61 **transmission system. The electrical corporation shall not be held**
62 **responsible for costs related to customer fault.**

63 **10. When the renewable electricity sold under renewable energy**
64 **contracts under this section equals five percent of an electrical**
65 **corporation's total retail sales in a calendar year, the electrical**
66 **corporation shall no longer be required to allow use of its transmission**
67 **and distribution system to facilitate the delivery of power under**
68 **renewable energy contracts under this section. Renewable electricity**
69 **sold to customers who began service with the electrical corporation**
70 **after the effective date of this section shall not be included in the**
71 **calculation of five percent of an electrical corporation's total retail**
72 **sales in a calendar year under this subsection.**

386.1020. Notwithstanding any of the provisions of section
2 **386.1000 to 386.1025 to the contrary, an owner or developer of a**
3 **renewable energy facility may enter into a contract for the sale of**
4 **power directly to a customer of an electrical corporation if the power**
5 **is supplied by a renewable energy facility located entirely on the**
6 **customer's premises and the output of which is intended entirely for**
7 **use at the customer's premises. An owner or developer of a renewable**
8 **energy facility that enters into a renewable energy contract described**
9 **in this section shall not be deemed to be an electrical corporation, a**
10 **municipally owned or operated electric power system as defined in**
11 **section 91.025, or a rural electric cooperative established under chapter**
12 **394. An electrical corporation shall not be entitled to recover any costs**
13 **relating to energy delivered under contracts described in this section.**
14 **An electrical corporation shall not be required to compensate a**
15 **customer for any excess energy provided to the grid resulting from**

16 contracts described in this subsection, as described in subdivision (3)
17 of subsection 5 of section 386.890.

386.1025. 1. Within one hundred eighty days following the
2 publication of rules and regulations necessary to implement this
3 section, an electrical corporation shall submit tariffs for approval by
4 the commission for a portfolio of voluntary renewable purchase
5 programs that shall serve all major customer classes; however, no
6 individual program within the portfolio may be offered to all major
7 customer classes. An electrical corporation shall be required to offer
8 voluntary renewable purchase programs until the renewable electricity
9 sold under such programs equals five percent of the electrical
10 corporation's total retail sales in a calendar year, after which an
11 electrical corporation may choose to offer voluntary renewable
12 purchase programs that exceed the requirements of this section. The
13 voluntary renewable purchase programs required by this section shall
14 only sell electricity from renewable energy facilities not already in
15 service at the time of the effective date of this section. The voluntary
16 renewable purchase programs required by this section may take the
17 form of wholesale power purchase agreement tariffs, green tariffs,
18 subscriber solar or community solar tariffs, or other forms, provided
19 that the programs:

20 (1) Be based on the actual costs and benefits of procuring the
21 renewable energy facilities and serving the participating customers in
22 each class;

23 (2) Recover any incremental costs of the programs only from
24 participating customers and hold nonparticipants harmless; and

25 (3) Transfer the right to any renewable energy credit, as defined
26 in section 393.1025, or any other environmental attribute associated
27 with the sale of electricity under a voluntary renewable purchase
28 program to the participating customer.

29 2. An electrical corporation may not charge any nonparticipating
30 customers or noncontract customers for any direct costs incurred
31 under the requirements of this section.

386.1030. The commission shall have the authority to promulgate
2 rules to implement the provisions of sections 386.1000 to 386.1025. Any
3 rule or portion of a rule, as that term is defined in section 536.010 that
4 is created under the authority delegated in this section shall become

5 effective only if it complies with and is subject to all of the provisions
6 of chapter 536, and, if applicable, section 536.028. This section and
7 chapter 536 are nonseverable and if any of the powers vested with the
8 general assembly pursuant to chapter 536, to review, to delay the
9 effective date, or to disapprove and annul a rule are subsequently held
10 unconstitutional, then the grant of rulemaking authority and any rule
11 proposed or adopted after August 28, 2018, shall be invalid and void.

393.1300. Sections 393.1300 to 393.1340 shall be known and may
2 be cited as the "Alternative Regulation for Electrical Corporations Act".

393.1305. 1. The provisions of section 386.020 defining words,
2 phrases, and terms, shall apply to and determine the meaning of all
3 such words, phrases, or terms as used in sections 393.1300 to 393.1340.

4 2. As used in sections 393.1300 to 393.1340, the following terms
5 shall mean:

6 (1) "Average base rate", a rate calculated by dividing the total
7 retail revenue requirement for all the electrical corporation's rate
8 classes by the total sales volumes stated in kilowatt-hours for all such
9 rate classes used to set rates in the applicable general rate proceeding,
10 exclusive of gross receipts tax, sales tax, and other similar pass-through
11 taxes;

12 (2) "Average overall rate", a rate equal to the sum of the average
13 base rate and the average rider rate;

14 (3) "Average rider rate", a rate calculated by dividing the total of
15 the sums to be recovered from all customer classes under the electrical
16 corporation's rate adjustment mechanisms in place other than a rate
17 adjustment mechanism under section 393.1075 by the total sales
18 volumes stated in kilowatt-hours for all of the electrical corporation's
19 rate classes used to set rates under such rate adjustment mechanisms,
20 exclusive of gross receipts tax, sales tax, and other similar pass-through
21 taxes;

22 (4) "Cost of service", the total cost of providing retail electric
23 utility service to Missouri electric customers, including but not limited
24 to operating expenses, depreciation, amortizations, taxes, rate base
25 items, and return on rate base, offset by revenues included in net fuel
26 and purchased power, and the Missouri jurisdictional portion of
27 revenues from sources other than Missouri jurisdictional retail
28 customers;

29 (5) "Force majeure event", an event or circumstance that occurs
30 as a result of a weather event, an act of God, war or terrorism that
31 causes a reduction in revenues, an increase in the cost of providing
32 electrical service, or some combination thereof, and the event has an
33 associated fiscal impact on a participating electrical corporation's
34 operations equal to three percent or greater of the total revenue
35 requirement established in the general rate case filed under subsection
36 1 of 393.1325. Any force majeure event shall be subject to commission
37 review and approval, and shall not preclude the commission from
38 reviewing the prudence of any revenue reductions or costs incurred
39 during any proceeding to set rates;

40 (6) "General advertising", informational advertising that is useful
41 in the provision of adequate service;

42 (7) "Institutional advertising", advertising used to improve the
43 participating electrical corporation's image;

44 (8) "Net fuel and purchased power", all fuel and purchased power
45 acquired by the participating electrical corporation used to serve
46 Missouri retail electric load reduced by total wholesale or off-system
47 power sales for the same period, and all other items eligible for
48 inclusion in a rate adjustment mechanism under subsection 1 of section
49 386.266;

50 (9) "Operating expenses", FERC Account 401 "Operation
51 Expenses", FERC Account 402 "Maintenance Expenses", and FERC
52 Account 408.1 "Taxes Other Than Income Taxes, Utility Operating
53 Income", excluding gross receipts taxes;

54 (10) "Participating electrical corporation", an electrical
55 corporation whose application to be regulated under sections 393.1300
56 to 393.1340 is approved by the commission;

57 (11) "Political advertising", advertising, that is associated with
58 political candidates or issues;

59 (12) "Promotional advertising", advertising used to encourage or
60 promote the use of electricity;

61 (13) "Rate base", the investment in net plant, inventories,
62 accumulated deferred income taxes, and other items consistent with
63 established ratemaking practices recognized in the general rate case
64 filed under subsection 1 of section 393.1325. The return reflected in
65 cost of service is calculated on this investment;

66 (14) "Retail electric services", the services, and rates and terms
67 for service, provided by an electrical corporation and subject to the
68 jurisdiction of the commission;

69 (15) "Revenue requirement", the total amount recoverable
70 through retail electric rates necessary to allow a participating
71 electrical corporation the opportunity to recover its full cost of service;

72 (16) "Safety advertising", advertising that conveys the ways to
73 safely use electricity and to avoid accidents;

74 (17) "Tariff", schedules of rates and terms and conditions of
75 service for an electrical corporation that are open for public inspection
76 under subdivision (11) of section 393.140;

77 (18) "Test year", a historical year used as the starting point for
78 determining the basis for adjustments that are necessary to reflect
79 annual revenues and operating costs in calculating any shortfall or
80 excess of earnings by the utility. Adjustments, such as annualization
81 and normalization, are made to the test year results when the
82 unadjusted results do not fairly represent the utility's most current
83 annual level of existing revenue and operating costs.

 393.1310. 1. Any electrical corporation seeking to avail itself of
2 the provisions of sections 393.1300 to 393.1340 shall file an application
3 to do so with the commission consistent with regulations adopted by
4 the commission governing such applications. The application shall
5 include a verified statement on behalf of the electrical corporation that,
6 if its application is approved, the electrical corporation shall not assert
7 a claim before the commission or in any court that the compound
8 annual growth rate limitations set forth in subsections 8 and 9 of
9 section 393.1315 amount to a constitutionally prohibited taking or
10 results in rates that are otherwise considered confiscatory.

11 2. Together with the application submitted under subsection 1
12 of this section, the electrical corporation may seek discontinuation
13 under subsection 5 of section 386.266 of any rate adjustment
14 mechanism then in effect authorized by 386.266.

15 3. Together with the application submitted under subsection 1
16 of this section, the electrical corporation shall submit to the
17 commission a five-year capital investment plan setting forth the general
18 categories of capital expenditures the electrical corporation will
19 pursue. The plan shall also include a specific capital investment plan

20 for the first year of the five-year plan consistent with the level of
21 specificity used for annual capital budgeting purposes. Project specific
22 information need not be included for the five-year period covered by
23 the plan. Both the one-year and the five-year plans shall identify any
24 investments specifically targeted at aging infrastructure. Commencement
25 dates for both the one-year and five-year plans shall be the effective
26 date of the commission's report and order in the general rate
27 proceeding approving the electrical corporation's application made
28 under subsection 1 of this section. The commission's report and order
29 issued in the general rate proceeding filed under subsection 1 of this
30 section shall establish required minimum capital investment levels,
31 which shall be at a minimum twenty percent higher than the average
32 annual capital investment of the electrical corporation for years 2015
33 to 2017.

34 4. The commission shall have the power to approve or reject the
35 application submitted under subsection 1 of this section only after
36 providing the opportunity for a full hearing in a general rate
37 proceeding. The commission shall approve the application if the
38 commission finds that:

- 39 (1) Approving the application is in the public interest; and
40 (2) The electrical corporation cannot make the investments set
41 forth in the application submitted under subsection 1 of this section
42 without failing to meet one or more credit worthiness
43 measurements. The criteria used to establish such measurements shall
44 include, but are not limited to, total debt to total capitalization, funds
45 from operations interest coverage, and funds from operations as a
46 percentage of average total debt. The commission shall establish, by
47 regulation, specific credit worthiness measurements for each of the
48 criteria such that the failure to meet a credit worthiness measurement
49 would cause a significant risk to a downgrade of the participating
50 electrical corporation's credit rating.

51 5. In the general rate proceeding in which the commission
52 considers the application submitted under subsection 1 of this section,
53 the commission shall examine each regulatory tracking mechanism
54 then in use by the electrical corporation. The commission shall order
55 the discontinuation of each rate adjustment mechanism unless it finds
56 for a specific rate adjustment mechanism that:

57 (1) The electrical corporation has affirmatively proven that it is
58 in the public interest to continue the rate adjustment mechanism; and

59 (2) The electrical corporation has sufficient incentives to manage
60 the tracked expense if the rate adjustment mechanism is allowed to
61 continue.

62 6. The commission's report and order issued in the general rate
63 proceeding filed under subsection 1 of this section shall specify the cost
64 and revenue components that form the basis for establishing just and
65 reasonable rates charged to customers with sufficient specificity so that
66 subsequent rate increases filed under the provisions of sections
67 393.1300 to 393.1340 can be conducted in a streamlined and expedited
68 fashion.

69 7. Any participating electrical corporation may elect to
70 discontinue its participation in sections 393.1300 to 393.1340 by filing
71 a notice with the commission. Once an electrical corporation has
72 discontinued such participation, it may not again become a
73 participating electrical corporation.

 393.1315. 1. Proceedings to increase rates under sections
2 393.1300 to 393.1340 shall be considered file and suspend general rate
3 proceedings; provided however, that the provisions of section 393.150
4 notwithstanding, the commission may suspend the operation of any
5 schedule filed to increase rates under sections 393.1300 to 393.1340 and
6 defer the use of such rate, charge, form of contract or agreement, rule,
7 regulation, or practice, but not for a longer period than one hundred
8 and fifty days beyond the time when such rate, charge, form of contract
9 or agreement, rule, regulation, or practice would otherwise go into
10 effect.

11 2. Each participating electrical corporation shall annually file a
12 general rate proceeding as provided in subsection 1 of this section. The
13 commission shall establish the filing date for the first such filing in the
14 report and order issued in the general rate proceeding approving the
15 electrical corporation's application to become a participating electrical
16 corporation, and the commission shall establish the filing date for each
17 successive filing in the report and order issued in each general rate
18 proceeding filed under subsection 1 of this section.

19 3. The commission shall establish, by regulation, minimum filing
20 requirements that shall accompany any filing made under subsection

21 1 of this section. The information provided by the minimum filing
22 requirements shall be sufficiently detailed and robust that the
23 commission can fully consider and evaluate all relevant factors in the
24 time provided in subsection 1 of this section.

25 4. The commission shall establish rates for a participating
26 electrical corporation in any proceeding filed under the provisions of
27 sections 393.1300 to 393.1340 or section 386.390 using a test year. The
28 test year in a rate proceeding to establish rates for a participating
29 electrical corporation shall be the most recent twelve month period for
30 which complete information is available at the time the proceeding is
31 initiated. The test year shall not be updated or trued-up.

32 5. Nothing in sections 393.1300 to 393.1340 shall be construed to
33 limit the ability of any entity to file a complaint under section 386.390.

34 6. In proceedings to set rates for a participating electrical
35 corporation, the return on equity for a participating electrical
36 corporation shall be 9.20 percent, adjusted to reflect an increase or
37 decrease equal to the difference between the average of thirty-year
38 United States Treasury Bond yields for the applicable historical rate
39 year and the average of thirty-year United States Treasury Bond yields
40 for the twelve months ending December 31, 2017, as published by the
41 Board of Governors of the Federal Reserve System in its weekly H.15
42 Statistical Release or any successor publication. At such time as the
43 board of governors of the Federal Reserve System ceases to include the
44 average yields of thirty-year United States Treasury Bonds in its
45 weekly H.15 Statistical Release or successor publication, the average
46 yields of the United States Treasury Bonds then having the longest
47 duration published by the Board of Governors in its weekly H.15
48 Statistical Release or successor publication shall instead be used for
49 purposes of this subsection.

50 7. In proceedings used to set rates for a participating electrical
51 corporation, the commission shall exclude from recovery the following:

52 (1) All lobbying, charitable donations, and institutional and
53 promotional advertising expenses; provided however, that safety and
54 general advertising, and dues or contributions to industry or academic
55 associations and institutions that provide educational, research, and
56 informational services concerning energy policy, technology, and best
57 practices shall be recoverable to the extent reasonable in amount and

58 prudently incurred. Promotional advertising shall be recoverable to
59 the extent it is cost-justified, reasonable in amount, and prudently
60 incurred;

61 (2) Incentive compensation expenses only to the extent they are
62 based on earnings metrics; however, metrics that have as their primary
63 purpose management cost control and budget management are
64 recoverable;

65 (3) Pass-through taxes, such as gross receipts or similar taxes,
66 from both revenues and expenses; and

67 (4) Any costs found to be imprudent by the commission in a
68 general rate proceeding, a complaint case, or a proceeding to set rates
69 under sections 393.1300 to 393.1340.

70 8. Notwithstanding any other provision of law, if the difference
71 between (a) the participating electrical corporation's average base rate
72 for all its customers, as found by the commission in any rate proceeding
73 under sections 393.1300 to 393.1340, and (b) the electrical corporation's
74 average base overall rate for all its customers recognized in in the
75 general rate proceeding filed under subsection 1 of 393.1310, reflects a
76 compound annual growth rate of two percent or greater, the
77 commission shall authorize a rate increase of only two percent. The
78 commission shall have no power to authorize a greater rate increase,
79 nor shall it have the authority to allow deferral of any amounts greater
80 than two percent, unless it determines after hearing that a force
81 majeure event has occurred and only to the extent that the force
82 majeure event caused an increase in the electrical corporation's
83 revenue requirement. A participating electrical corporation is
84 prohibited from creating a regulatory asset for any amounts greater
85 than two percent and from booking any amounts greater than two
86 percent to any existing regulatory asset account.

87 9. If a change in any rates charged under a commission-approved
88 rate adjustment mechanism arising under sections 393.1030 or 393.1075,
89 or under any other rate adjustment mechanism authorized by law,
90 would cause an electrical corporation's average overall rate to exceed
91 the compound annual growth rate limitation set forth in subsection 8
92 of this section, the electrical corporation shall reduce the rates charged
93 under that rate adjustment mechanism in an amount sufficient to
94 ensure that the compound annual growth rate limitation of two percent

95 is not exceeded due to the application of the rate charged under such
96 mechanism. The commission shall have no power to authorize a greater
97 rate adjustment, nor shall it have the authority to allow deferral of any
98 amounts greater than two percent, unless it determines after hearing
99 that a force majeure event has occurred and only to the extent that the
100 force majeure event caused an increase in the expenses subject to the
101 rate adjustment mechanism. A participating electrical corporation is
102 prohibited from creating a regulatory asset for any amounts greater
103 than two percent and from booking any amounts greater than two
104 percent to any existing regulatory asset account.

393.1320. One year and three months after the effective date of
2 the report and order in the general rate proceeding in which the
3 commission approved the application submitted under subsection 1 of
4 section 393.1310, one year and three months after the effective date of
5 each report and order in a general rate proceeding filed under section
6 393.1315, and one year and three months after the report and order in
7 any complaint case filed under section 393.390, or on the next business
8 day if that day does not fall on a business day, the electrical
9 corporation shall submit a report to the commission detailing actual
10 capital investments made during the year covered by the one-year
11 specific capital investment plan. If the electrical corporation has failed
12 to complete the specific capital investment plan for that year, the
13 electrical corporation shall establish a regulatory liability in an amount
14 equal to two times the difference between the investments specified in
15 the capital investment plan and the actual capital investments
16 made. The regulatory liability shall be amortized over a reasonable
17 period as determined by the commission. The electrical corporation
18 shall not seek to recover the amortized funds from customers.

393.1325. Each participating electrical corporation shall
2 quarterly file a surveillance monitoring report, consisting of five
3 parts. Each part, except part one, rate base quantifications, shall
4 contain information for the last twelve month period and the last
5 quarter data for total company electric operations and Missouri
6 jurisdictional operations. Rate base quantifications shall contain only
7 information for the ending date of the period being reported.

8 (1) Part one of the surveillance monitoring report shall be the
9 rate base quantifications report. The quantification of rate base items

10 in part one shall be consistent with the methods or procedures used in
11 the most recent rate proceeding unless otherwise specified. The report
12 shall consist of specific rate base quantifications of:

- 13 (a) Plant in service;
- 14 (b) Reserve for depreciation;
- 15 (c) Materials and supplies;
- 16 (d) Cash working capital;
- 17 (e) Fuel inventory;
- 18 (f) Prepayments;
- 19 (g) Other regulatory assets;
- 20 (h) Customer advances;
- 21 (i) Customer deposits;
- 22 (j) Accumulated deferred income taxes;
- 23 (k) Any other item included in the electrical corporation's rate
24 base in its most recent rate proceeding;
- 25 (l) Net operating income from part three; and
- 26 (m) Calculation of the overall return on rate base.

27 (2) Part two of the surveillance monitoring report shall be the
28 capitalization quantifications report, which shall consist of specific
29 capitalization quantifications of:

- 30 (a) Common stock equity (net);
- 31 (b) Preferred stock, par or stated value outstanding;
- 32 (c) Long-term debt, including current maturities;
- 33 (d) Short-term debt; and
- 34 (e) Weighted cost of capital, including component costs.

35 (3) Part three of the surveillance monitoring report shall be the
36 income statement, which shall consist of an income statement
37 containing specific quantification of:

- 38 (a) Operating revenues to include sales to industrial,
39 commercial, and residential customers, sales for resale, and other
40 components of total operating revenues;
- 41 (b) Operating and maintenance expenses for fuel expense,
42 production expenses, purchased power energy and capacity;
- 43 (c) Transmission expenses;
- 44 (d) Distribution expenses;
- 45 (e) Customer accounts expenses;
- 46 (f) Customer service and information expenses;

- 47 (g) Sales expenses;
- 48 (h) Administrative and general expenses;
- 49 (i) Depreciation, amortization and decommissioning expense;
- 50 (j) Taxes other than income taxes;
- 51 (k) Income taxes; and
- 52 (l) Quantification of heating degree and cooling degree days,
- 53 actual and normal.

54 (4) Part four of the surveillance monitoring report shall be the
55 jurisdictional allocation factor report, which shall consist of a listing
56 of jurisdictional allocation factors for the rate base, capitalization
57 quantification reports, and income statement.

58 (5) Part five of the surveillance monitoring report shall be the
59 financial data notes, which shall consist of notes to financial data
60 including, but not limited to:

- 61 (a) Out of period adjustments;
- 62 (b) Specific quantification of material variances between actual
63 and budget financial performance;
- 64 (c) Material variances between current twelve month period and
65 prior twelve month period revenue;
- 66 (d) Expense level of items ordered by the commission to be
67 tracked under the order establishing the rate adjustment mechanism;
- 68 (e) Budgeted capital projects; and
- 69 (f) Events that materially affect debt or equity surveillance
70 components.

393.1330. No later than December 31, 2023, the commission shall
2 prepare and file with the general assembly a report on the impact of
3 the sections 393.1300 to 393.1340 on electrical corporations and their
4 customers. Participating electrical corporations shall cooperate in
5 good faith to provide the data necessary for the preparation of the
6 report.

393.1335. In order to carry out the provisions of sections 393.1300
2 to 393.1340, the commission shall have the authority to promulgate
3 rules. Any rule or portion of a rule, as that term is defined in section
4 536.010 that is created under the authority delegated in this section
5 shall become effective only if it complies with and is subject to all of
6 the provisions of chapter 536, and, if applicable, section 536.028. This
7 section and chapter 536 are nonseverable and if any of the powers

8 vested with the general assembly pursuant to chapter 536, to review, to
9 delay the effective date, or to disapprove and annul a rule are
10 subsequently held unconstitutional, then the grant of rulemaking
11 authority and any rule proposed or adopted after August 28, 2018, shall
12 be invalid and void.

393.1340. Sections 393.1300 to 393.1340 shall expire on December
2 31, 2028.

✓

Unofficial

Bill

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