

FIRST REGULAR SESSION

SENATE BILL NO. 278

92ND GENERAL ASSEMBLY

INTRODUCED BY SENATORS STEELMAN, GRIESHEIMER, GROSS, MATHEWSON,
KLINDT, SHIELDS, STOLL AND BARTLE.

Read 1st time January 16, 2003, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

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AN ACT

To amend chapter 393, RSMo, by adding thereto one new section relating to allowing certain electrical corporations to recover certain costs, 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 section, to be known as section 393.158, to read as follows:

393.158. 1. As used in this section, the following terms mean:

- (1) "Commission", the Missouri public service commission;**
- (2) "FERC", the Federal Energy Regulatory Commission;**
- (3) "Natural gas costs", the amount paid by an electrical corporation for natural gas, including the transportation thereof, used by said corporation or another entity to generate for or to supply electrical energy to said corporation;**
- (4) "Purchased electrical energy costs", the amount paid by an electrical corporation for electrical energy, including the transportation thereof, generated by another entity, but used by said electrical corporation.**

2. Notwithstanding any other provision of the law to the contrary, any electrical corporation, as defined in section 386.010, RSMo, shall be allowed to recover all of its reasonably and prudently incurred costs for natural gas and all of its reasonably and prudently incurred costs for purchased electrical energy for its retail customers through energy adjustment rate schedules designed to specifically recover such costs. The energy adjustment rate schedules to recover these costs shall be filed with the commission, and may, at the option of the electrical corporation, be established and implemented either within or without the context of a general rate increase request proceeding.

3. The commission shall allow the modification of the energy adjustment rate schedules authorized by this section to take place on a timely basis to reflect increases or decreases in natural gas costs and purchased energy costs above or below the costs of said items reflected in the permanent base rates of the electrical corporation on file with and approved by the commission. Changes in such energy adjustment rate schedules may be made as frequently as every thirty days. In exercising its authority pursuant to this section, the commission shall consider only whether the calculations of said natural gas costs and purchased energy costs by the electrical corporation are accurate and reflect the costs being incurred or reasonably expected to be incurred by the electrical corporation and the commission shall not, at the same time, consider other factors which may affect the other costs or the overall rates or other charges of such electrical corporation.

4. In connection with implementing the energy adjustment rate schedules authorized pursuant to this section, in order to remedy any over-collections of the involved costs from previous periods which might occur, the commission shall follow a "true-up" procedure similar to the procedure that the commission utilizes for purchased gas cost recovery for gas corporations. The "true-up" procedure shall accurately and appropriately remedy any over-collections from previous periods with customer credits or refunds including interest payable at the electrical corporation's short-term debt rate.

5. Natural gas costs recoverable pursuant to this section shall include only those costs properly recorded as fuel costs, including pipeline delivery charges, prior to or in the burning cycle in FERC Account Numbers 501, 547, or 555, except that said costs shall be reduced by the amount of supplier or pipeline refunds normally credited to said accounts. Purchased electrical energy costs recoverable pursuant to this section shall include those properly recorded as purchased energy costs, including related transmission charges incurred for delivery of the purchased energy, in FERC Account Numbers 555 or 565, exclusive of capacity, demand, or other fixed charges.

6. Each electrical corporation which has on file with the commission approved energy adjustment rate schedules pursuant to this section shall submit to the commission on or before the fifteenth day of each month an energy adjustment report, in a format prescribed by the commission, showing the calculations for the next month's energy adjustment rate.

7. The energy adjustment rates authorized by this section when modified shall be increased or decreased by one-tenth of one cent per kilowatt-hour for each one-tenth of one cent, or major fraction thereof, increase or decrease in the aggregate cost of energy per kilowatt-hour computed by the following formula: ((estimated dollar

cost of natural gas burned during the current month to generate or supply electrical energy to retail customers + estimated total cost of purchased power, energy only, variable transmission costs associated with purchased power, and the delivered cost of natural gas burned in tolling purchased power contracts during the current month to generate or supply electrical energy to retail customers + estimated net dollar cost, positive or negative, of interchange received less interchange sales during the current month + (actual (estimated dollar cost of natural gas burned during the current month to generate or supply electrical energy to retail customers + estimated total cost of purchased power, energy only, variable transmission costs associated with purchased power, and the delivered cost of natural gas burned in tolling purchased power contracts during the current month to generate or supply electrical energy to retail customers + estimated net dollar cost, positive or negative, of interchange received less interchange sales during the current month + correction dollars used originally in energy cost adjustment clause calculation for the second prior month) - estimated (estimated dollar cost of natural gas burned during the current month to generate or supply electrical energy to retail customers + estimated total cost of purchased power, energy only, variable transmission costs associated with purchased power, and the delivered cost of natural gas burned in tolling purchased power contracts during the current month to generate or supply electrical energy to retail customers + estimated net dollar cost, positive or negative, of interchange received less interchange sales during the current month + correction dollars used originally in energy cost adjustment clause calculation for the second prior month)) X (actual (estimated kilowatt-hour delivered to retail customers during the current month that equals sum of the estimated kilowatt-hour generated, purchased, and net interchanged during the month X (1 - the line loss percentage)) ÷ estimated (estimated kilowatt-hour delivered to retail customers during the current month that equals sum of the estimated kilowatt-hour generated, purchased, and net interchanged during the month X (1 - the line loss percentage)))) ÷ one one-hundredth estimated kilowatt-hour delivered to retail customers during the current month that equals sum of the estimated kilowatt-hour generated, purchased, and net interchanged during the month X (1 - the line loss percentage)) - the energy cost of natural gas and purchased power energy per kilowatt-hour of ____ /kilowatt-hour established during the most recent commission general rate proceeding which is calculated as follows: (estimated dollar cost of natural gas burned during the current month to generate or supply electrical energy to retail customers + estimated total cost of purchased power, energy only, variable transmission costs associated with purchased power, and the delivered cost of natural gas burned in tolling purchased power contracts during the current month to

generate or supply electrical energy to retail customers + estimated net dollar cost, positive or negative, of interchange received less interchange sales during the current month) ÷ one one-hundredth estimated kilowatt-hour delivered to retail customers during the current month that equals sum of the estimated kilowatt-hour generated, purchased, and net interchanged during the month X (1 - the line loss percentage))

8. Each energy adjustment rate schedule filing made pursuant to this section shall include detailed records, workpapers, and calculations sufficient for the commission to determine whether to establish, continue, reduce, or increase the level of the energy adjustment rate. Copies of all such filings shall be provided on the same calendar day to the office of the public counsel.

9. Energy adjustment rate schedule filings pursuant to this section shall be designed to become effective thirty days after filing and not be subject to suspension by the commission. Any such filing shall be considered on an expedited basis and a decision, including a determination, if necessary, of the natural gas costs and purchased electrical energy costs embedded in the corporation's base rates, shall be made by the commission within thirty days of the filing. Interested parties may intervene in any such proceedings, but any such intervention shall not extend the thirty day period for making a decision. The energy adjustment rate schedules shall become effective the date of said commission decision or thirty days after filing, whichever first occurs, but shall be subject to the "true-up" mechanism described in subsection 1 of this section.

10. Nothing in this section shall be construed as limiting the authority of the commission to review and consider natural gas costs, purchased electrical energy costs, or any other fuel or fuel-related costs along with other costs during any general rate proceeding of any electrical corporation.

11. Nothing in this section shall be construed as limiting the authority of the commission to continue the practice of using the purchased gas adjustment clause mechanism for the recovery of natural gas commodity, transportation, storage, and related costs for gas corporations whereby changes in such costs are recognized in rates without the filing of a general rate proceeding.

Section B. Because of the immediate need to allow electrical corporations to timely recover unanticipated and rapidly increasing natural gas costs and purchased electrical energy costs, section A of this act is deemed necessary for the immediate preservation of the public health, welfare, peace and safety, and is hereby declared an emergency act within the meaning of the constitution, and section A of this act shall be in full force and effect upon its passage and approval.