

FIRST REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 179**  
**93RD GENERAL ASSEMBLY**

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Reported from the Committee on Commerce, Energy and the Environment, February 17, 2005, with recommendation that the Senate Committee Substitute do pass.

0983S.04C

TERRY L. SPIELER, Secretary.

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**AN ACT**

To amend chapter 386, RSMo, by adding thereto one new section relating to cost recovery for utility companies.

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

Section A. Chapter 386, RSMo, is amended by adding thereto one new section, to be known as section 386.266, to read as follows:

**386.266. 1. As part of a general rate case, complaint proceeding, or unless it has been expressly permitted to do so by the commission after a contested case, any electrical, gas, or water corporation may make an application to the commission to review plans that utilize incentive or performance based mechanisms in establishing rates for costs prudently incurred. Such costs include but shall not be limited to, those items described in subsection 2 of this section. Any utility making such an application shall do so not more than one time annually. The commission shall have the power, only after providing the opportunity for a full hearing and after considering all facts relevant to the application, to approve or reject the proposed plans.**

**2. As part of a general rate case, complaint proceeding, or unless it has been expressly permitted to do so by the commission after a contested case, any electrical, gas, or water corporation may, where applicable, make an application to the commission to review rate schedules authorizing periodic rate adjustments outside general rate proceedings to reflect changes in customer usage or costs prudently incurred. These costs can be capital or expense and shall apply to the following:**

- (1) Fuel and purchased power costs, including transportation; and
- (2) Costs to comply with any federal, state, or local environmental law, regulation or rule.

Any utility making such an application shall do so not more than two times annually. The commission shall have the power, only after providing the opportunity for a full hearing and after considering all facts relevant to the application, to approve, modify, or reject the proposed rate schedules. Once such a mechanism has been approved by the commission, it shall remain in effect until such time, within a general rate case or complaint proceeding, the commission authorizes the modification, extension, or discontinuance of the mechanism.

3. Unless an application under subsection 1 or 2 of this section is submitted within a rate case or complaint proceeding, the commission shall issue a decision in such cases no later than one hundred twenty days from the date of the filing. With respect to any adjustment mechanism authorized as the result of an application filed under subsections 1 and 2 of this section, the commission shall have the authority to promulgate rules under the provisions of chapter 536 governing the procedure for the submission, frequency, examination, hearing, and approval of such rate adjustments. Such rules shall be promulgated no later than one hundred fifty days after the initiation of such a rulemaking proceeding.

4. Nothing contained in this section shall be construed as affecting any existing adjustment mechanism, rate schedule, tariff, incentive plan, or other ratemaking mechanism currently approved and in effect.

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