

SENATE AMENDMENT NO. _____

Offered by _____ of _____

Amend SS/SCS/House Bill No. 432, Pages 4-6, Section 393.1200, Line _____,

2 by striking all of said section and inserting in lieu thereof the
3 following:

4 "393.1200. As used in sections 393.1200 to 393.1210, the
5 following terms mean:

6 (1) "Appropriate pretax revenues", the revenues necessary
7 to produce net operating income equal to:

8 (a) The electrical corporation's weighted cost of capital
9 multiplied by the sum of the net original cost of eligible
10 infrastructure system replacements and additions less associated
11 plant-related accumulated deferred income taxes in compliance
12 with normalization requirements of federal tax law, and ISRS
13 costs;

14 (b) State, federal, and local income or excise taxes
15 applicable to such income; and

16 (c) An annualized level of depreciation expense on the
17 eligible infrastructure system replacements and additions net of
18 retirements occurring since the date through which rate base
19 additions were accounted for in developing the revenue
20 requirement in the electrical corporation's most recently
21 concluded general rate proceeding or in developing the electrical

1 corporation's last ISRS, and an annualized level of amortization
2 expense on the ISRS costs;

3 (2) "Commission", the Missouri public service commission;

4 (3) "Electric utility plant projects", consist of the
5 following:

6 (a) Electric plant, as defined in subdivision (14) of
7 section 386.020, excluding newly constructed or newly acquired
8 electric generating plants and administrative office buildings
9 and their furnishings;

10 (b) If not being recovered in a rate schedule authorized by
11 subsection 2 of section 386.266, the costs of capital projects
12 undertaken to comply with federal, state, or local environmental
13 or safety statutes, ordinances, or regulations; and

14 (c) The costs of facilities relocations required due to
15 construction or improvement of a highway, road, street, public
16 way, or other public work by or on behalf of the United States,
17 this state, a political subdivision of this state, or another
18 entity having the power of eminent domain provided that the costs
19 related to such projects have not been reimbursed to the
20 electrical corporation;

21 (4) "Electrical corporation", shall have the same meaning
22 as in subdivision (15) of section 386.020;

23 (5) "Eligible infrastructure system replacements and
24 additions", electric utility plant projects that:

25 (a) Do not increase revenues by directly connecting the
26 infrastructure replacement or addition to new customers;

27 (b) Are in service and used and useful;

28 (c) Were not included in the electrical corporation's rate
29 base in its most recently concluded general rate proceeding; and

1 (d) Replace or extend the useful life of existing
2 infrastructure or are for additional infrastructure;

3 (6) "ISRS", infrastructure system replacement surcharge;

4 (7) "ISRS costs":

5 (a) The original cost of eligible infrastructure system
6 replacements and additions that were placed in service and became
7 used and useful since the date through which rate base additions
8 were accounted for in developing the revenue requirement in the
9 electrical corporation's most recently concluded general rate
10 proceeding or in developing the electrical corporation's last
11 ISRS, less the retirements occurring during the same period, with
12 the difference multiplied by the applicable weighted average
13 depreciation rate;

14 (b) "ISRS costs" also include the difference calculated
15 under paragraph (a) of this subdivision prior to its
16 multiplication by the applicable weighted average depreciation
17 rate less changes in the electrical corporation's accumulated
18 depreciation reserve since the date through which rate base
19 additions were accounted for in developing the revenue
20 requirement in the electrical corporation's most recently
21 concluded general rate proceeding or in developing the electrical
22 corporation's last ISRS, with that difference to be multiplied by
23 the electrical corporation's weighted cost of capital used to
24 determine the appropriate pretax revenues, plus applicable state,
25 federal, and local income or excise taxes.

26
27 The sum of the amounts determined by paragraph (a) of this
28 subdivision, and the amount determined in paragraph (b) of this
29 subdivision shall be deferred on the electrical corporation's

1 books as a regulatory asset or regulatory liability between the
2 time the eligible infrastructure system replacements and
3 additions were placed in service and the effective date of an
4 ISRS rate schedule reflecting the deferred depreciation and
5 return;

6 (8) "ISRS revenues", revenues produced through an ISRS
7 exclusive of revenues from all other rates and charges;

8 (9) "Net original cost of eligible infrastructure system
9 replacements and additions", the original cost of the eligible
10 infrastructure system replacements and additions net of
11 accumulated depreciation on the eligible infrastructure system
12 replacements and additions, offset by depreciation expense
13 accrued on plant included in rate base in the electrical
14 corporation's most recently concluded general rate proceeding
15 since the effective date of rates developed in that proceeding,
16 and also offset by plant retirements and accumulated depreciation
17 reserve associated with such retirements for retirements recorded
18 after the date through which rate base additions were accounted
19 for in developing the commission-approved revenue requirement in
20 that general rate proceeding."; and

21 further amend said bill, pages 6-7, section 393.1205 by
22 striking all of said section and inserting in lieu thereof the
23 following:

24 "393.1205. 1. Notwithstanding any provisions of chapter
25 386 or this chapter to the contrary, beginning August 28, 2013,
26 an electrical corporation providing electric service may file a
27 petition and proposed rate schedules with the commission to
28 establish or change ISRS rate schedules that will allow for the
29 adjustment of the electrical corporation's rates and charges to

1 provide for the recovery of costs for eligible infrastructure
2 system replacements and additions. The commission may not
3 approve an ISRS to the extent it would produce total annualized
4 ISRS revenues below the lesser of one million dollars or one-half
5 of one percent of the electrical corporation's base revenue level
6 approved by the commission in the electrical corporation's most
7 recent general rate proceeding. The commission may not approve
8 an ISRS to the extent it would produce total annualized ISRS
9 revenues exceeding eight percent of the electrical corporation's
10 base revenue level approved by the commission in the electrical
11 corporation's most recent general rate proceeding. An ISRS and
12 any future changes thereto shall be calculated and implemented in
13 accordance with the provisions of sections 393.1200 to 393.1210.

14 2. The commission shall not approve an ISRS for any
15 electrical corporation that has not had a general rate proceeding
16 decided or dismissed by issuance of a commission order within the
17 past three years, unless the electrical corporation has filed for
18 or is the subject of a new general rate proceeding.

19 3. In no event shall an electrical corporation collect an
20 ISRS for a period exceeding three years unless the electrical
21 corporation has filed for or is the subject of a new general rate
22 proceeding; provided that the ISRS may be collected until the
23 effective date of new rate schedules established as a result of
24 the new general rate proceeding, or until the subject general
25 rate proceeding is otherwise decided or dismissed by issuance of
26 a commission order without new rates being established. An
27 electrical corporation shall be permitted to establish or change
28 ISRS rate schedules during the pendency of a general rate
29 proceeding so long as the establishment or change in the ISRS

1 rate schedules takes effect on or before the date through which
2 rate base additions were accounted for in developing the
3 commission-approved revenue requirement in that general rate
4 proceeding."; and

5 further amend said bill, pages 7-12, section 393.1210 by
6 striking all of said section and inserting in lieu thereof the
7 following:

8 "393.1210. 1. (1) At the time that an electrical
9 corporation files a petition with the commission seeking to
10 establish or change an ISRS, it shall submit proposed ISRS rate
11 schedules and its supporting documentation regarding the
12 calculation of the proposed ISRS with the petition, and shall
13 serve the office of the public counsel with a copy of its
14 petition, its proposed rate schedules, and its supporting
15 documentation.

16 (2) Upon the filing of a petition, and any associated rate
17 schedules, seeking to establish or change an ISRS, the commission
18 shall publish notice of the filing.

19 2. (1) When a petition, along with any associated proposed
20 rate schedules, is filed pursuant to the provisions of sections
21 393.1200 to 393.1210, the commission shall conduct an examination
22 of the proposed ISRS.

23 (2) The staff of the commission may examine information of
24 the electrical corporation to confirm that the underlying costs
25 are in accordance with the provisions of sections 393.1200 to
26 393.1210, and to confirm proper calculation of the proposed
27 charge, and may submit a report regarding its examination to the
28 commission not later than ninety days after the petition is
29 filed. No other revenue requirement or ratemaking issues may be

1 examined in consideration of the petition or associated proposed
2 rate schedules filed pursuant to the provisions of sections
3 393.1200 to 393.1210.

4 (3) The commission may hold a hearing on the petition and
5 any associated rate schedules and shall issue an order to become
6 effective not later than one hundred fifty days after the
7 petition is filed.

8 (4) If the commission finds that a petition complies with
9 the requirements of sections 393.1200 to 393.1210, the commission
10 shall enter an order authorizing the corporation to impose an
11 ISRS that is sufficient to recover appropriate pretax revenue, as
12 determined by the commission pursuant to the provisions of
13 sections 393.1200 to 393.1210.

14 3. An electrical corporation may effectuate a change in its
15 rate pursuant to the provisions of this section no more often
16 than two times every twelve months.

17 4. In determining the appropriate pretax revenue, the
18 commission shall consider only the following factors:

19 (1) The current state, federal, and local income tax or
20 excise rates;

21 (2) The electrical corporation's actual regulatory capital
22 structure as determined during the most recent general rate
23 proceeding of the electrical corporation;

24 (3) The actual cost rates for the electrical corporation's
25 debt and preferred stock as determined during the most recent
26 general rate proceeding of the electrical corporation;

27 (4) The electrical corporation's cost of common equity as
28 determined during the most recent general rate proceeding of the
29 electrical corporation;

1 (5) The current depreciation rates applicable to the
2 eligible infrastructure system replacements and additions;

3 (6) In the event information pursuant to subdivisions (2),
4 (3), and (4) of this subsection is unavailable and the commission
5 is not provided with such information on an agreed-upon basis,
6 the commission shall refer to the testimony submitted during the
7 most recent general rate proceeding of the electrical corporation
8 and use, in lieu of any such unavailable information, the
9 recommended capital structure, recommended cost rates for debt
10 and preferred stock, and recommended cost of common equity that
11 would produce the average weighted cost of capital based upon the
12 various recommendations contained in such testimony.

13 5. (1) The monthly ISRS charge may be calculated based on
14 a reasonable estimate of billing units in the period in which the
15 charge will be in effect, which shall be conclusively established
16 by dividing the appropriate pretax revenues by the customer
17 numbers reported by the electrical corporation in the annual
18 report it most recently filed with the commission pursuant to
19 subdivision (6) of section 393.140, and then further dividing
20 this quotient by twelve. Provided, however, that the monthly
21 ISRS may vary according to customer class and may be calculated
22 based on customer numbers as determined during the most recent
23 general rate proceeding of the electrical corporation so long as
24 the monthly ISRS for each customer class maintains a proportional
25 relationship equivalent to the proportional relationship of the
26 monthly customer charge for each customer class.

27 (2) At the end of each twelve-month calendar period the
28 ISRS is in effect, the electrical corporation shall reconcile the
29 differences between the revenues resulting from an ISRS and the

1 appropriate pretax revenues as found by the commission for that
2 period and shall submit the reconciliation and a proposed ISRS
3 adjustment to the commission for approval to recover or refund
4 the difference, as appropriate, through adjustments of an ISRS
5 charge.

6 6. (1) An electrical corporation that has implemented an
7 ISRS pursuant to the provisions of sections 393.1200 to 393.1210
8 shall file revised rate schedules to reset the ISRS to zero when
9 new base rates and charges become effective for the electrical
10 corporation following a commission order establishing customer
11 rates in a general rate proceeding that incorporates in the
12 utility's base rates subject to subsections 8 and 9 of this
13 section eligible costs previously reflected in an ISRS.

14 (2) Upon the inclusion in an electrical corporation's base
15 rates subject to subsections 8 and 9 of this section of eligible
16 costs previously reflected in an ISRS, the electrical corporation
17 shall immediately thereafter reconcile any previously
18 unreconciled ISRS revenues as necessary to ensure that revenues
19 resulting from the ISRS match as closely as possible the
20 appropriate pretax revenues as found by the commission for that
21 period.

22 7. An electrical corporation's filing of a petition or
23 change to an ISRS pursuant to the provisions of sections 393.1200
24 to 393.1210 shall not be considered a request for a general
25 increase in the electrical corporation's base rates and charges.

26 8. Commission approval of a petition, and any associated
27 rate schedules, to establish or change an ISRS pursuant to the
28 provisions of sections 393.1200 to 393.1210 shall in no way be
29 binding upon the commission in determining the ratemaking

1 treatment to be applied to eligible infrastructure system
2 replacements and additions during a subsequent general rate
3 proceeding when the commission may undertake to review the
4 prudence of such costs. In the event the commission disallows,
5 during a subsequent general rate proceeding, recovery of costs
6 associated with eligible infrastructure system replacements and
7 additions previously included in an ISRS, the electrical
8 corporation shall credit the bills of its customers as of the
9 time the credit is being given for the disallowed amount, plus
10 interest at the electrical corporation's weighted cost of capital
11 from its last general rate proceeding, over a period of no longer
12 than six months. Credits shall be allocated to each rate class
13 in proportion to the ISRS charges applicable to that rate class
14 during the period when the overcollections occurred. Each
15 customer in a given rate class shall receive the same credit, and
16 each credit shall be shown as a separate line item on customers'
17 bills.

18 9. Nothing in this section shall be construed as limiting
19 the authority of the commission to review and consider
20 infrastructure system replacement and addition costs along with
21 other costs during any general rate proceeding of any electrical
22 corporation.

23 10. Nothing contained in sections 393.1200 to 393.1210
24 shall be construed to impair in any way the authority of the
25 commission to review the reasonableness of the rates or charges
26 of an electrical corporation, including review of the prudence of
27 eligible infrastructure system replacements and additions made by
28 an electrical corporation, pursuant to the provisions of section
29 386.390.

1 11. The commission shall have the authority to promulgate
2 rules for the implementation of this section, but only to the
3 extent such rules are consistent with, and do not delay the
4 implementation of, the provisions of this section. Any rule or
5 portion of a rule, as that term is defined in section 536.010
6 that is created under the authority delegated in this section
7 shall become effective only if it complies with and is subject to
8 all of the provisions of chapter 536, and, if applicable, section
9 536.028. This section and chapter 536 are nonseverable and if any
10 of the powers vested with the general assembly pursuant to
11 chapter 536 to review, to delay the effective date, or to
12 disapprove and annul a rule are subsequently held
13 unconstitutional, then the grant of rulemaking authority and any
14 rule proposed or adopted after August 28, 2013, shall be invalid
15 and void.

16 12. Sections 393.1200, 393.1205, and 393.1210 shall
17 terminate and be of no further force and effect after August 27,
18 2028, unless those sections shall be reenacted by the general
19 assembly. In the event of termination, any ISRS in effect shall
20 also terminate and be of no further force and effect after such
21 date."
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