

SENATE SUBSTITUTE
FOR
SENATE BILL NO. 564

AN ACT

To repeal sections 386.390 and 393.170, RSMo, and to enact in lieu thereof eleven new sections relating to public utilities, with an emergency clause for a certain section.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,
AS FOLLOWS:

1 Section A. Sections 386.390 and 393.170, RSMo, are repealed
2 and eleven new sections enacted in lieu thereof, to be known as
3 sections 386.390, 393.137, 393.170, 393.1275, 393.1400, 393.1610,
4 393.1640, 393.1650, 393.1655, 393.1665, and 393.1670, to read as
5 follows:

6 386.390. 1. Complaint may be made by the commission of its
7 own motion, or by the public counsel or any corporation or
8 person, chamber of commerce, board of trade, or any civic,
9 commercial, mercantile, traffic, agricultural or manufacturing
10 association or organization, or any body politic or municipal
11 corporation, by petition or complaint in writing, setting forth
12 any act or thing done or omitted to be done by any corporation,
13 person or public utility[, including any rule, regulation or
14 charge heretofore established or fixed by or for any corporation,
15 person or public utility,] in violation, or claimed to be in
16 violation, of any provision of law subject to the commission's
17 authority, [or] of any rule promulgated by the commission, of any
18 utility tariff, or of any order or decision of the commission;

1 provided, that no complaint shall be entertained by the
2 commission, except upon its own motion, as to the reasonableness
3 of any rates or charges of any gas, electrical, water, sewer, or
4 telephone corporation, unless the same be signed by the public
5 counsel or the mayor or the president or chairman of the board of
6 aldermen or a majority of the council, commission or other
7 legislative body of any city, town, village or county, within
8 which the alleged violation occurred, or not less than
9 twenty-five consumers or purchasers, or prospective consumers or
10 purchasers, of such gas, electricity, water, sewer or telephone
11 service.

12 2. All matters upon which complaint may be founded may be
13 joined in one hearing, and no motion shall be entertained against
14 a complaint for misjoinder of causes of action or grievances or
15 misjoinder or nonjoinder of parties; and in any review by the
16 courts of orders or decisions of the commission the same rule
17 shall apply with regard to the joinder of causes and parties as
18 herein provided.

19 3. The commission shall not be required to dismiss any
20 complaint because of the absence of direct damage to the
21 complainant. Upon the filing of a complaint, the commission
22 shall cause a copy thereof to be served upon the public utility,
23 corporation or person complained of.

24 4. Service in all hearings, investigations and proceedings
25 pending before the commission may be made upon any person upon
26 whom summons may be served in accordance with the provisions of
27 the code of civil procedure of this state, and may be made
28 personally or by mailing in a sealed envelope with postage

1 prepaid.

2 5. The commission shall fix the time when and the place
3 where a hearing will be had upon the complaint and shall serve
4 notice thereof, not less than ten days before the time set for
5 such hearing, unless the commission shall find that the public
6 necessity requires that such hearing be held at an earlier date.

7 393.137. 1. This section applies to electrical
8 corporations that do not have a general rate proceeding pending
9 before the commission as of the later of February 1, 2018, or the
10 effective date of this section.

11 2. For purposes of this section, the following terms shall
12 mean:

13 (1) "Commission", the public service commission; and

14 (2) "Electrical corporation", the same as defined in
15 section 386.020, but shall not include an electrical corporation
16 as described in subsection 2 of section 393.110.

17 2. If the rates of any electrical corporation to which this
18 section applies have not already been adjusted to reflect the
19 effects of the federal 2017 Tax Cut and Jobs Act, Pub. L. No.
20 115-97, 94 Stat. 2390, the commission shall have one time
21 authority that shall be exercised within ninety days of the
22 effective date of this section to adjust such electrical
23 corporation's rates prospectively so that the income tax
24 component of the revenue requirement used to set such an
25 electrical corporation's rates is based upon the provisions of
26 such federal act without considering any other factor as
27 otherwise required by section 393.270. The commission shall also
28 require electrical corporations to which this section applies, as

1 provided for under subsection 1 of this section, to defer to a
2 regulatory asset the financial impact of such federal act on the
3 electrical corporation for the period of January 1, 2018, through
4 the date the electrical corporation's rates are adjusted on a
5 one-time basis as provided for in the immediately preceding
6 sentence. The amounts deferred under this subsection shall be
7 included in the revenue requirement used to set the electrical
8 corporation's rates in its subsequent general rate proceeding
9 through an amortization over a period determined by the
10 commission.

11 3. Upon good cause shown by the electrical corporation, the
12 commission may, as an alternative to requiring a one-time rate
13 change and deferral under subsection 2 of this section, allow a
14 deferral, in whole or in part, of such federal act's financial
15 impacts to a regulatory asset starting January 1, 2018, through
16 the effective date of new rates in such electrical corporation's
17 next general rate proceeding. The deferred amounts shall be
18 included in the revenue requirement used to set the electrical
19 corporation's rates in its subsequent general rate proceeding
20 through an amortization over a period determined by the
21 commission.

22 393.170. 1. No gas corporation, electrical corporation,
23 water corporation or sewer corporation shall begin construction
24 of a gas plant, electric plant, water system or sewer system,
25 other than an energy generation unit that has a capacity of one
26 megawatt or less, without first having obtained the permission
27 and approval of the commission.

28 2. No such corporation shall exercise any right or

1 privilege under any franchise hereafter granted, or under any
2 franchise heretofore granted but not heretofore actually
3 exercised, or the exercise of which shall have been suspended for
4 more than one year, without first having obtained the permission
5 and approval of the commission. Before such certificate shall be
6 issued a certified copy of the charter of such corporation shall
7 be filed in the office of the commission, together with a
8 verified statement of the president and secretary of the
9 corporation, showing that it has received the required consent of
10 the proper municipal authorities.

11 3. The commission shall have the power to grant the
12 permission and approval herein specified whenever it shall after
13 due hearing determine that such construction or such exercise of
14 the right, privilege or franchise is necessary or convenient for
15 the public service. The commission may by its order impose such
16 condition or conditions as it may deem reasonable and necessary.
17 Unless exercised within a period of two years from the grant
18 thereof, authority conferred by such certificate of convenience
19 and necessity issued by the commission shall be null and void.

20 393.1275. 1. For purposes of this section, the following
21 terms shall mean:

22 (1) "Commission", the public service commission;

23 (2) "Electrical corporation", the same as defined in
24 section 386.020, but shall not include an electrical corporation
25 as described in subsection 2 of section 393.110;

26 (3) "Rate base cutoff date", the date rate base additions
27 are accounted for in a general rate proceeding. In the absence
28 of a commission order that specifies the rate base cutoff date,

1 such date as reflected in any jointly proposed procedural
2 schedule submitted by the parties in the applicable general rate
3 proceeding, or as otherwise agreed to by such parties, shall be
4 used;

5 (4) "Cyber and physical security expense", operations and
6 maintenance expense incurred to protect the reliability and
7 security of systems, software, equipment, and facilities
8 connected to or controlling the electric system against physical
9 or cyber-security threats, including but not limited to,
10 generating stations, substations, and control centers.

11 2. On and after the date an electrical corporation files a
12 notice under subsection 4 of this section, the electrical
13 corporation shall defer to a regulatory asset or liability
14 account any difference in the prudently incurred uncapitalized
15 state and local property taxes actually incurred, and the
16 uncapitalized state and local property taxes used to determine
17 the electrical corporation's revenue requirement in its most
18 recently completed general rate proceeding. If the notice filed
19 under subsection 4 of this section is filed on a day other than
20 January first, the dollar amount of taxes to be deferred for the
21 calendar year during which such notice was given shall be equal
22 to such difference multiplied by a fraction, the numerator of
23 which is the number of days remaining in that calendar year after
24 the date such notice is filed, and the denominator of which is
25 the number of calendar days in that year. Such taxes used to
26 determine the electrical corporation's revenue requirement in its
27 last general rate proceeding shall be the amount of such taxes
28 recorded on the electrical corporation's books for the twelve

1 months ending on the rate base cutoff date in the electrical
2 corporation's most recently completed general rate proceeding
3 unless a different amount was used to set such revenue
4 requirement as determined by the commission in its order
5 resolving such proceeding or through a commission order approving
6 a settlement respecting such taxes. The regulatory asset or
7 liability account balances shall be included in the retail
8 revenue requirement used to set rates through an amortization
9 over a reasonable period in such corporation's subsequent general
10 rate proceedings, without any offset, reduction, or adjustment
11 based on consideration of any other factor. The commission shall
12 also adjust the rate base used to establish the retail revenue
13 requirement of such corporation to reflect the unamortized
14 regulatory asset or liability account balances in such general
15 rate proceedings.

16 3. On and after the effective date of rates in an
17 electrical corporation's next general rate proceeding concluding
18 after the effective date of this section, an electrical
19 corporation that has filed a notice under subsection 4 of this
20 section shall defer to a regulatory asset or liability account
21 any difference in the prudently incurred cyber and physical
22 security expense actually incurred and the cyber and physical
23 security expense for such protection used to determine the
24 electrical corporation's revenue requirement in its most recently
25 completed general rate proceeding, provided that the commission
26 shall ensure that such difference to be included in the
27 regulatory asset or liability does not include costs that were
28 included in the sums used to determine the electrical

1 corporation's revenue requirement upon which its base rates are
2 set in a general rate proceeding. The regulatory asset or
3 liability account balances shall be included in the retail
4 revenue requirement used to set rates through an amortization
5 over a reasonable period in such corporation's subsequent general
6 rate proceedings, without any offset, reduction, or adjustment
7 based on consideration of any other factor. The commission shall
8 also adjust the rate base used to establish the retail revenue
9 requirement of such corporation to reflect the unamortized
10 regulatory asset or liability account balances in such general
11 rate proceedings.

12 4. This section shall only apply to an electrical
13 corporation that has filed a notice with the commission of the
14 electrical corporation's election to make the deferrals for which
15 this section provides.

16 5. This section shall expire on December 31, 2028,
17 provided, that unless the electrical corporation has timely
18 obtained the order provided for by subsection 5 of section
19 393.1400, the electrical corporation shall after December 31,
20 2023, no longer be authorized to make the deferrals provided for
21 under this section. Upon the expiration this section, the
22 amortization of the regulatory asset or liability account
23 balances arising under this section shall continue to be
24 reflected in the electrical corporation's rates and remaining
25 regulatory asset or liability account balances shall be included
26 in the electrical corporation's rate base consistent with the
27 ratemaking treatment and amortization previously approved by the
28 commission pursuant to this section.

1 393.1400. 1. For purposes of this section, the following
2 terms shall mean:

3 (1) "Commission", the public service commission;

4 (2) "Electrical corporation", the same as defined in
5 section 386.020, but shall not include an electrical corporation
6 as described in subsection 2 of section 393.110;

7 (3) "Qualifying electric plant", all rate base additions,
8 except rate base additions for new coal-fired generating units,
9 new nuclear generating units, new natural gas units, or rate base
10 additions that increase revenues by allowing service to new
11 customer premises;

12 (4) "Rate base cutoff date", the date rate base additions
13 are accounted for in a general rate proceeding. In the absence
14 of a commission order that specifies the rate base cutoff date,
15 such date as reflected in any jointly proposed procedural
16 schedule submitted by the parties in the applicable general rate
17 proceeding, or as otherwise agreed to by such parties, shall be
18 used;

19 (5) "Weighted average cost of capital", the return on rate
20 base used to determine the revenue requirement in the electrical
21 corporation's most recently completed general rate proceeding;
22 provided, that in the absence of a commission determination of
23 the return on rate base within the three-year period prior to the
24 effective date of this section, the weighted average cost of
25 capital shall be determined using the electrical corporation's
26 actual capital structure as of December 31, 2017, excluding
27 short-term debt, the electrical corporation's actual cost of
28 long-term debt and preferred stock as of December 31, 2017, and a

1 cost of common equity of nine and one-half percent.

2 2. (1) Notwithstanding any other provision of chapter 393
3 to the contrary, electrical corporations shall defer to a
4 regulatory asset all depreciation expense and return associated
5 with all qualifying electric plant recorded to plant-in-service
6 on the utility's books commencing on or after the effective date
7 of this section, if the electrical corporation has made the
8 election provided for by subsection 5 of this section by that
9 date, or on the date such election is made if the election is
10 made after the effective date of this section. In each general
11 rate proceeding concluded after the effective date of this
12 section, the balance of the regulatory asset as of the rate base
13 cutoff date shall be included in the electrical corporation's
14 rate base without any offset, reduction, or adjustment based upon
15 consideration of any other factor, other than as provided for in
16 subdivision (2) of this subsection, with the regulatory asset
17 balance arising from deferrals associated with qualifying
18 electric plant placed in service after the rate base cutoff date
19 to be included in rate base in the next general rate proceeding.
20 The expiration of this section shall not affect the continued
21 inclusion in rate base and amortization of regulatory asset
22 balances that arose under this section prior to such expiration.

23 (2) The regulatory asset balances arising under this
24 section shall be adjusted to reflect any prudence disallowances
25 ordered by the commission. The provisions of this section shall
26 not be construed to affect existing law respecting the burdens of
27 production and persuasion in general rate proceedings for rate
28 base additions.

1 (3) Parts of regulatory asset balances created under this
2 section that are not yet being recovered through rates shall
3 include carrying costs at the electrical corporation's weighted
4 average cost of capital, plus applicable federal, state, and
5 local income or excise taxes. Regulatory asset balances arising
6 under this section and included in rate base shall be recovered
7 in rates through a twenty-year amortization beginning on the date
8 new rates reflecting such amortization take effect.

9 3. (1) Depreciation expense deferred under this section
10 shall account for all qualifying electric plant placed into
11 service less retirements of plant replaced by such qualifying
12 electric plant.

13 (2) Return deferred under this section shall be determined
14 using the weighted average cost of capital applied to the change
15 in plant-related rate base caused by the qualifying electric
16 plant, plus applicable federal, state, and local income or excise
17 taxes. In determining the return deferred, the electrical
18 corporation shall account for changes in all plant-related
19 accumulated deferred income taxes and changes in accumulated
20 depreciation, excluding retirements.

21 4. Beginning February 28, 2019, and by each February
22 twenty-eighth thereafter while the electrical corporation is
23 allowed to make the deferrals provided for by subsection 2 of
24 this section, electrical corporations that defer depreciation
25 expense and return authorized under this section shall submit to
26 the commission a five-year capital investment plan setting forth
27 the general categories of capital expenditures the electrical
28 corporation will pursue in furtherance of replacing, modernizing,

1 and securing its infrastructure. The plan shall also include a
2 specific capital investment plan for the first year of the five-
3 year plan consistent with the level of specificity used for
4 annual capital budgeting purposes. Project specific information
5 shall not be included for the five-year period covered by the
6 plan. Within thirty days of the filing of any capital investment
7 plan or annual update to an existing plan, the electrical
8 corporation shall host a public stakeholder meeting to answer
9 questions and receive feedback about the plan. After feedback is
10 received, the electrical corporation shall file a notice with the
11 commission of any modifications to the capital investment plan it
12 has accepted. Changes to the plan, its implementation, or the
13 level of investments made shall not constitute evidence of
14 imprudence of the investments made under such plan. The
15 submission of a capital investment plan under this section shall
16 not affect in any way the commission's authority with respect to
17 the grant or denial of a certificate of convenience and necessity
18 under section 393.170. By February twenty-eighth following each
19 year in which the electrical corporation submits a capital
20 investment plan, the electrical corporation shall submit a report
21 to the commission detailing actual capital investments made the
22 previous year.

23 5. This section shall only apply to any electrical
24 corporation that has filed a notice with the commission of the
25 electrical corporation's election to make the deferrals for which
26 this section provides. An electrical corporation's election
27 shall allow it to make the deferrals provided for by subsection 2
28 of this section, and deferrals under section 393.1275 if the

1 electrical corporation has made the election required by
2 subsection 4 of section 393.1275, until December 31, 2023, unless
3 the electrical corporation requests and the commission approves
4 the continuation of such deferrals beyond that date and approves
5 continuation of the discounts authorized by section 393.1640
6 beyond that date as hereinafter provided. An electrical
7 corporation that wishes to continue to make the deferrals
8 provided for by subsection 2 of this section and section 393.1275
9 from January 1, 2024, through December 31, 2028, shall obtain the
10 commission's approval to do so, shall be subject to the compound
11 annual growth rate limitations set forth under section 393.1655,
12 and shall also obtain the commission's approval to continue to
13 provide the discounts authorized by section 393.1640 in a
14 commission order issued on or before December 31, 2023. The
15 commission shall have the authority to grant or deny such
16 approval based upon the commission's evaluation of the costs and
17 benefits of such continuation to electrical corporations and
18 consumers, but shall not be authorized to condition such approval
19 or otherwise modify the deferrals authorized by subsection 2 of
20 this section or section 393.1275, or the discounts authorized by
21 section 393.1640. Failure to obtain such commission approval
22 shall not affect deferrals made through December 31, 2023, or the
23 regulatory and ratemaking treatment of the regulatory assets
24 arising from such deferrals as provided for by this section.

25 6. This section shall expire on December 31, 2028, except
26 that the amortization of the regulatory asset balances arising
27 under this section shall continue to be reflected in the
28 electrical corporation's rates and remaining regulatory asset

1 balances shall be included in the electrical corporation's rate
2 base consistent with the ratemaking treatment and amortization
3 previously approved by the commission pursuant to this section.

4 393.1610. 1. The commission may approve investments by an
5 electrical corporation in small scale or pilot innovative
6 technology projects, including but not limited to renewable
7 generation, micro grids, or energy storage, if the small scale or
8 pilot project is designed to advance the electrical corporation's
9 operational knowledge of deploying such technologies, including
10 to gain operating efficiencies that result in customer savings
11 and benefits as the technology is scaled across the grid or
12 network.

13 2. For purposes of this section, "electrical corporation"
14 and "commission" shall mean the same as defined in section
15 386.020, but an "electrical corporation" shall not include an
16 electrical corporation as described in subsection 2 of section
17 393.110.

18 393.1640. 1. Subject to the limitations provided for in
19 subsection 2 of this section, and upon proper application by an
20 eligible customer prior to public announcement of a growth
21 project, a new or existing account meeting the following criteria
22 shall be considered for qualification for the discount set forth
23 in this subsection if:

24 (1) The customer adds incremental load, net of any
25 offsetting load reductions due to the termination of other
26 accounts of the customer or an affiliate of the customer within
27 twelve months prior to the commencement of service to the new
28 load, with average monthly demand that is reasonably projected to

1 be at least three hundred kilowatts with a load factor of at
2 least fifty-five percent within two years after the date the
3 application is submitted;

4 (2) The customer receives local, regional, or state
5 economic development incentives in conjunction with the
6 incremental load; and

7 (3) The customer meets the criteria set forth in the
8 electrical corporation's economic development rider tariff sheet,
9 as approved by the commission, that are not inconsistent with the
10 provisions of this subsection.

11
12 The discount shall be a percentage applied to all base rate
13 components of the bill. The percentage shall be fixed for each
14 year of service under the discount for a period of up to five
15 years. Subject to the remaining provisions of this subsection,
16 the average of the annual discount percentages shall equal forty
17 percent and shall not be less than thirty percent nor more than
18 fifty percent in any year. The discount shall be applied to such
19 incremental load from the date when the meter has been
20 permanently set until the date that such incremental load no
21 longer meets the criteria required to qualify for the discount,
22 as determined under the provisions of subsection 2 of this
23 section. An eligible customer shall also receive a ten percent
24 discount of all base rate components of the bill applied to such
25 incremental load for one year after the initial discount period
26 ends if the electrical corporation determines that the customer
27 is taking service from an under-utilized circuit. In no event
28 shall a customer receive a discount under this subsection after

1 the date this section expires. The electrical corporation may
2 include in its tariff additional or alternative terms and
3 conditions to a customer's utilization of the discount, subject
4 to approval of such terms and conditions by the commission. The
5 customer, on forms supplied by the electrical corporation, shall
6 apply for the discount provided for by this subsection at least
7 ninety days prior to the date the customer requests that the
8 incremental demand receive the discounts provided for by this
9 subsection. If the incremental demand is not separately metered,
10 the electrical corporation's determination of the incremental
11 demand shall control. Notwithstanding the foregoing provisions
12 of this subsection, the cents per kilowatt-hour realization
13 resulting from application of any such discounted rate as
14 calculated shall be higher than the electrical corporation's
15 variable cost to serve such accounts in aggregate and the
16 discounted rate also shall make a positive contribution to fixed
17 costs associated with such service. If in a subsequent general
18 rate proceeding the commission determines that application of
19 such discounted rate is not adequate to cover the electrical
20 corporation's variable cost to serve such accounts and provide a
21 positive contribution to fixed costs then the commission shall
22 increase the rate prospectively to the extent necessary to do so.

23 2. In each general rate proceeding concluded after the
24 effective date of this section, the reduced level of revenues
25 arising from the application of discounted rates provided for by
26 subsection 1 of this section shall be allocated to all the
27 electrical corporation's customer classes, including the classes
28 with customers that qualify for discounts under this section.

1 This increase shall be implemented through the application of a
2 uniform percentage adjustment to the revenue requirement
3 responsibility of all customer classes. To qualify for the
4 discounted rates provided for in this section, if incremental
5 load is separately metered, customers shall meet the applicable
6 criteria within twenty-four months after the date the meter is
7 permanently set based on metering data for calendar months
8 thirteen through twenty-four and annually thereafter. If such
9 data indicates that the customer did not meet the criteria for
10 any applicable twelve-month period, it shall thereafter no longer
11 qualify for the discounted rate. The provisions of this section
12 do not supersede or limit the ability of an electrical
13 corporation to continue to utilize economic development or
14 retention tariffs previously approved by the commission that are
15 in effect on the effective date of this section. If, however, a
16 customer is receiving any economic development or retention-
17 related discounts as of the date it would otherwise qualify for a
18 discount provided for by this section, the customer shall agree
19 to relinquish the prior discount concurrently with the date it
20 begins to receive a discount under this section; otherwise, the
21 customer shall not be eligible to receive any discount under this
22 section. Customer demand existing at the time the customer
23 begins to receive discounted rates under this section shall not
24 constitute incremental demand. The discounted rates provided for
25 by this section apply only to base rate components, with the
26 charges or credits arising from any rate adjustment mechanism
27 authorized by law to be applied to customers qualifying for
28 discounted rates under this section in the same manner as such

1 rate adjustments would apply in the absence of this section.

2 3. For purposes of this section, "electrical corporation"
3 shall mean the same as defined in section 386.020, but shall not
4 include an electrical corporation as described in subsection 2 of
5 section 393.110.

6 4. This section shall expire on December 31, 2028,
7 provided, that unless the electrical corporation has timely
8 obtained the order provided for by subsection 5 of section
9 393.1400, the electrical corporation's customers shall, after
10 December 31, 2023, no longer receive the discounts provided under
11 this section.

12 393.1650. 1. For purposes of this section, the following
13 terms shall mean:

14 (1) "Commission", the Missouri public service commission
15 established under section 386.040;

16 (2) "Electrical corporation", a corporation with more than
17 one million Missouri retail electric customers in the year in
18 which this section becomes effective and that otherwise meets the
19 definition of "electrical corporation" in section 386.020.

20 2. Electrical corporations shall develop a qualification
21 process and make such process open to all contractors seeking to
22 provide construction and construction-related services for
23 projects on the electrical corporation's distribution system.

24 Contractors shall have the opportunity to register on the
25 electrical corporation's vendor registration site and be
26 evaluated for bid opportunities. Under the qualification
27 process, electrical corporations may specify eligibility
28 requirements typically accepted by the industry, including but

1 not limited to, experience, performance criteria, safety
2 policies, and insurance requirements to be met by any contractor
3 seeking to participate in competitive bidding to provide
4 construction and construction-related services for distribution
5 system projects, and the electrical corporation shall not weight
6 any contractor favorably or unfavorably due to affiliation with a
7 labor organization or union, except if the work is being
8 performed pursuant to a union-only project labor agreement which
9 requires that participating contractors use union represented
10 labor. Contractors that meet the eligibility requirements set by
11 electrical corporations shall be eligible to participate in the
12 competitive bidding process for providing construction and
13 construction-related services for distribution system projects,
14 and the contractor making the lowest and best bid shall be
15 awarded such contract.

16 3. Within thirty days after the effective date of this
17 section, electrical corporations shall file a verified statement
18 with the commission confirming that they have established a
19 qualification process for the competitive bidding of construction
20 and construction-related services for distribution system
21 projects, and that such process conforms with the requirements of
22 this section. The commission shall have the authority to verify
23 the statement to ensure compliance with this section. Whenever
24 the electrical corporation files a general rate proceeding, it
25 shall submit concurrently with its submission of the rate
26 schedules that initiate such general rate proceeding a verified
27 statement confirming that it is using the qualification process
28 for the competitive bidding of construction and construction-

1 related services for distribution system projects required by
2 this section for no less than ten percent of the combined
3 external installation expenditures made by the electrical
4 corporation's operating units in Missouri for construction and
5 construction-related services for distribution system projects,
6 and that such process conforms with the requirements set forth in
7 this section to ensure compliance with this subsection.

8 4. Nothing in this section shall be construed as requiring
9 any electrical corporation to use a qualified contractor or
10 competitive bidding process in the case of an emergency project,
11 or to terminate any existing contract with a contractor prior to
12 its expiration, provided that the use of any pre-existing
13 contract for construction or construction-related services for
14 distribution system projects shall not qualify as fulfilling the
15 ten percent requirement set forth in subsection 3 of this
16 section. For contractors not qualifying through the competitive
17 bid process, the electrical corporation, upon request from the
18 contractor, shall provide information from the process in which
19 the contractor can be informed as to how to be better positioned
20 to qualify for such bid opportunities in the future.

21 5. By December 31, 2020, and annually thereafter, the
22 commission shall submit a report to the general assembly on the
23 effects of this section, including electrical corporation
24 compliance, potential legislative action regarding this section,
25 the costs of constructing distribution system projects prior to
26 the implementation of this section compared to after the
27 implementation of this section, and any other information
28 regarding the processes established under this section that the

1 commission deems necessary.

2 393.1655. 1. This section applies to an electrical
3 corporation that has elected to exercise any option under section
4 393.1275 or 393.1400 and that has more than two hundred thousand
5 Missouri retail customers in the year in which this section
6 becomes effective, and shall continue to apply to such electrical
7 corporation until December 31, 2023, if the commission has not
8 issued an order approving continuation of the deferrals
9 authorized by subsection 2 of section 393.1400 and section
10 393.1275, and continuation of the discounts authorized by section
11 393.1640 as authorized by subsection 5 of section 393.1400 with
12 respect to the electrical corporation, or until December 31,
13 2028, if the commission has issued such an order with respect to
14 the electrical corporation.

15 2. Notwithstanding any other provision of law and except as
16 otherwise provided for by this section, an electrical
17 corporation's base rates shall be held constant for a period
18 starting on the date new base rates were established in the
19 electrical corporation's last general rate proceeding concluded
20 prior to the date the electrical corporation gave notice under
21 either subsection 4 of section 393.1275 or subsection 5 of
22 section 393.1400 and ending on the third anniversary of that
23 date, unless a force majeure event as determined by the
24 commission occurs. Whether a force majeure event has occurred
25 shall be subject to commission review and approval in a general
26 rate proceeding, and shall not preclude the commission from
27 reviewing the prudence of any revenue reductions or costs
28 incurred during any proceeding to set rates. This subsection

1 shall not affect the electrical corporation's ability to adjust
2 its non-base rates during the three-year period provided for in
3 this subsection as authorized by its commission-approved rate
4 adjustment mechanisms arising under sections 386.266, 393.1030,
5 or 393.1075, or as authorized by any other rate adjustment
6 mechanism authorized by law.

7 3. If the difference between (a) the electrical
8 corporation's average overall rate at any point in time while
9 this section applies to the electrical corporation, and (b) the
10 electrical corporation's average overall rate as of the date new
11 base rates are set in the electrical corporation's most recent
12 general rate proceeding concluded prior to the date the
13 electrical corporation gave notice under either subsection 4 of
14 section 393.1275 or subsection 5 of section 393.1400, reflects a
15 compound annual growth rate of more than three percent, the
16 electrical corporation shall establish a regulatory liability in
17 the amounts specified in subsection 4 of this section. The
18 regulatory liability shall be amortized over a reasonable period
19 as determined by the commission. The electrical corporation
20 shall not seek to recover the amortized funds from customers. A
21 separate regulatory liability is required for each general rate
22 proceeding covered by this subsection for which the three percent
23 threshold provided by this subsection is exceeded.

24 4. A regulatory liability provided in subsection 3 of this
25 section shall be twenty-five million dollars for an electrical
26 corporation with more than one million Missouri retail customers
27 in the year in which this section becomes effective and six
28 million dollars for an electrical corporation with more than two

1 hundred thousand but not more than one million Missouri retail
2 customers in the year in which this section becomes effective.

3 5. If the difference between (a) the electrical
4 corporation's average overall rate at any point in time while
5 this section applies to the electrical corporation, and (b) the
6 electrical corporation's average overall rate as of the date new
7 base rates are set in the electrical corporation's most recent
8 general rate proceeding concluded prior to the date the
9 electrical corporation gave notice under either subsection 4 of
10 section 393.1275 or subsection 5 of section 393.1400, reflects a
11 compound annual growth rate of more than three and three-quarters
12 percent, the electrical corporation shall, in addition to
13 establishing the regulatory liability as specified in subsections
14 3 and 4 of this section, starting with the effective date of its
15 revised base rates that exceed the three and three-quarters
16 percent threshold provided for in this subsection, cease further
17 deferrals under sections 393.1275 and 393.1400, with prior
18 deferrals to be treated as provided in such sections.

19 6. If a change in any rates charged under a rate adjustment
20 mechanism approved by the commission under sections 386.266 and
21 393.1030 would cause an electrical corporation's average overall
22 rate to exceed the compound annual growth rate limitation set
23 forth in subsection 3 of this section, the electrical corporation
24 shall reduce the rates charged under that rate adjustment
25 mechanism in an amount sufficient to ensure that the compound
26 annual growth rate limitation set forth in subsection 3 is not
27 exceeded due to the application of the rate charged under such
28 mechanism and the penalty under subsection 4 is not triggered.

1 Sums not recovered under any such mechanism because of any
2 reduction in rates under such a mechanism pursuant to this
3 subsection shall be deferred to and included in the regulatory
4 asset arising under section 393.1400 or, if applicable, under the
5 regulatory and ratemaking treatment ordered by the commission
6 under subsection 6 of section 393.1400 and subsection 4 of
7 section 393.1640, and recovered through an amortization in base
8 rates in the same manner as deferrals under that section or order
9 are recovered in base rates.

10 7. If the difference between (a) the electrical
11 corporation's class average overall rate at any point in time
12 while this section applies to the electrical corporation, and (b)
13 the electrical corporation's class average overall rate as of the
14 date rates are set in the electrical corporation's most recent
15 general rate proceeding concluded prior to the date the
16 electrical corporation gave notice under either subsection 4 of
17 section 393.1275 or subsection 5 of section 393.1400, reflects a
18 compound annual growth rate of more than two percent for the
19 large power service rate class, the class average overall rate
20 shall increase by an amount so that the increase shall equal a
21 compound annual growth rate of two percent over such period for
22 such large power service rate class, with the reduced revenues
23 arising from limiting the large power service class average
24 overall rate increase to two percent to be allocated to all the
25 electrical corporation's other customer classes through the
26 application of a uniform percentage adjustment to the revenue
27 requirement responsibility of all the other customer classes.

1 8. For purposes of this section, the following terms shall
2 mean:

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

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

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

19 (4) "Class average base rate", a rate calculated by
20 dividing the retail revenue requirement from the applicable
21 general rate proceeding that is allocated to the electrical
22 corporation's large power service rate class in that general rate
23 proceeding, by the total sales volumes stated in kilowatt-hours
24 for that class used to set rates in that general rate proceeding,
25 exclusive of gross receipts tax, sales tax, and other similar
26 pass-through taxes;

27 (5) "Class average overall rate", a rate equal to the sum
28 of the class average base rate and the class average rider rate;

1 (6) "Class average rider rate", a rate calculated by
2 dividing the total of the sums allocated for recovery from the
3 large power service rate class under the electrical corporation's
4 rate adjustment mechanisms in place other than a rate adjustment
5 mechanism under section 393.1075 by the total sales volumes
6 stated in kilowatt-hours for that class used to set rates under
7 such rate adjustment mechanisms, exclusive of gross receipts tax,
8 sales tax, and other similar pass-through taxes;

9 (7) "Force majeure event", an event or circumstance that
10 occurs as a result of a weather event, an act of God, war, or
11 terrorism, or other uncontrollable event as determined by the
12 commission that causes a reduction in revenues, an increase in
13 the cost of providing electrical service, or some combination
14 thereof, and the event has an associated fiscal impact on the
15 electrical corporation's operations equal to three percent or
16 greater of the total revenue requirement established in the
17 electrical corporation's last general rate proceeding concluded
18 prior to the date the electrical corporation gave a notice under
19 either subsection 4 of section 393.1275 or subsection 5 of
20 section 393.1400;

21 (8) "Large power service rate class", the rate class of
22 each corporation that requires the highest minimum monthly
23 billing demand of all of the electrical corporation's rate
24 classes in order to qualify as a member of such rate class, and
25 that applies to qualifying customers only if they utilize the
26 electrical corporation's distribution system.

27 393.1665. 1. For purposes of this section, "electrical
28 corporation" shall mean the same as defined in section 386.020,

1 but shall not include an electrical corporation as described in
2 subsection 2 of section 393.110.

3 2. An electrical corporation with one million or more
4 Missouri electric customers shall invest in the aggregate no less
5 than fourteen million dollars in utility-owned solar facilities
6 located in Missouri or in an adjacent state during the period
7 between the effective date of this section and December 31, 2023.

8 An electrical corporation with less than one million but more
9 than two-hundred thousand Missouri electric customers shall
10 invest in the aggregate no less than four million dollars in
11 utility-owned solar facilities located in Missouri or in an
12 adjacent state during the period between the effective date of
13 this section and December 31, 2023. An electrical corporation
14 with two hundred thousand or fewer Missouri electric customers
15 shall invest in the aggregate no less than three million five
16 hundred thousand dollars in utility-owned solar facilities
17 located in Missouri or in an adjacent state during the period
18 between the effective date of this section and December 31, 2023.

19 If the rate impact of the electrical corporation's investment in
20 such facilities would cause the electrical corporation to exceed
21 the one percent maximum average retail rate increase limitation
22 required by subdivision (1) Of subsection 2 of section 393.1030,
23 that part of such costs that would cause such one percent
24 limitation to be exceeded shall be deferred by the electrical
25 corporation to a regulatory asset. Carrying costs at the
26 electrical corporation's weighted average cost of capital shall
27 be added to the regulatory asset balance and the regulatory asset
28 shall be recovered through rates set under section 393.150 or

1 through a rate adjustment mechanism under section 393.1030 as
2 soon as is practical.

3 3. An electrical corporation's decision to invest in
4 utility-owned solar facilities consistent with subsection 2 of
5 this section shall be deemed to be prudent. An electrical
6 corporation shall not be required to obtain the permission of the
7 commission to construct the facilities required by this section,
8 notwithstanding the provisions of section 393.170. The
9 commission shall retain the authority to review the specific
10 costs incurred to construct and own the facilities to ensure that
11 rates are based only on prudently incurred costs.

12 4. Nothing in this section shall preclude an electrical
13 corporation from recovering costs of investing in or purchasing
14 electricity from additional solar facilities beyond those
15 provided for under subsection 2 of this section.

16 5. This section shall expire on December 31, 2023, provided
17 that after such expiration the electrical corporation shall be
18 entitled to recover any remaining regulatory asset balance as
19 provided in subsection 2 of this section.

20 393.1670. 1. Notwithstanding the provisions of subdivision
21 (1) of subsection 2 of section 393.1030 and section 393.1045 to
22 the contrary, and subject to the limitations provided for in this
23 section, an electrical corporation shall, commencing January 1,
24 2019, make solar rebates available in the amounts specified in
25 this section. For systems becoming operational between January
26 1, 2019, and June 30, 2019, the solar rebate shall be fifty cents
27 per watt, and for systems that become operational after June 30,
28 2019, through December 31, 2023, the solar rebate shall be

1 twenty-five cents per watt. The rebates provided for by this
2 section shall apply to new or expanded solar electric systems up
3 to a maximum of twenty-five kilowatts per system for residential
4 customers and up to one hundred fifty kilowatts per system for
5 nonresidential customers. Customers shall be eligible for
6 rebates on new or expanded systems for the increment of new or
7 extended capacity and not for capacity on which rebates offered
8 under any other provision of law have previously been paid, up to
9 the system kilowatt limits set forth in this section. However,
10 an electrical corporation's obligation to make solar rebate
11 payments under this section shall not exceed the following
12 limitations:

13 (1) Electrical corporations with one million or more
14 Missouri retail customers as of the effective date of this
15 section shall not be obligated to pay solar rebates in any
16 calendar year from 2019 through 2023 in an amount exceeding five
17 million six hundred thousand dollars or in an aggregate amount
18 during those calendar years exceeding twenty-eight million
19 dollars;

20 (2) Electrical corporations with less than one million but
21 more than two hundred thousand Missouri retail customers as of
22 the effective date of this section shall not be obligated to pay
23 solar rebates in any calendar year from 2019 through 2023 in an
24 amount exceeding one million six hundred thousand dollars or in
25 an aggregate amount during those calendar years exceeding eight
26 million dollars; and

27 (3) Electrical corporations with two hundred thousand or
28 less Missouri retail customers as of the effective date of this

1 section shall not be obligated to pay solar rebates in any
2 calendar year from 2019 through 2023 in an amount exceeding one
3 million four hundred thousand dollars or in an aggregate amount
4 during those calendar years exceeding seven million dollars.

5 2. At its election, the electrical corporation shall be
6 permitted to recover the cost of all solar rebate payments it has
7 made through either base rates or through a rate adjustment
8 mechanism under section 393.1030, and shall, also at its
9 election, be permitted to defer and amortize the recovery of such
10 costs, including interest at the electric corporation's short-
11 term borrowing rate, through either base rates or a surcharge
12 over a period of the electrical corporation's choice not to
13 exceed five years; provided that, if recovery of such costs in
14 such manner and over such a time period would cause the
15 electrical corporation to exceed the one percent maximum average
16 retail rate increase limitation required by subdivision (1) of
17 subsection 2 of section 393.1030, that part of recovery of such
18 costs that would exceed such one percent limitation shall be
19 deferred by the electrical corporation to a regulatory asset, to
20 which carrying costs at the electrical corporation's weighted
21 average cost of capital shall be added and recovered through base
22 rates or through a rate adjustment mechanism under section
23 393.1030 as soon as practicable.

24 3. Solar rebates in the amounts specified for each calendar
25 year and in the aggregate for calendar years 2019 through 2023
26 referred to in this section shall become available effective
27 January 1, 2019. The solar rebate provision of subsection 3 of
28 section 393.1030, including any commission orders relating to

1 such provisions applicable to an electrical corporation, are
2 unaffected by this section.

3 4. Reductions in electrical corporation loads as a result
4 of the installation of solar systems not owned by the electrical
5 corporation that provide electricity to the electrical
6 corporation's customers constitute conservation.

7 5. The commission shall have the authority to promulgate
8 rules for the implementation of this section, but only to the
9 extent that such rules are consistent with, and do not delay the
10 implementation of, the provisions of this section. Any rule or
11 portion of a rule, as that term is defined in section 536.010
12 that is created under the authority delegated in this section
13 shall become effective only if it complies with and is subject to
14 all of the provisions of chapter 536, and, if applicable, section
15 536.028. This section and chapter 536 are nonseverable and if
16 any of the powers vested with the general assembly pursuant to
17 chapter 536, to review, to delay the effective date, or to
18 disapprove and annul a rule are subsequently held
19 unconstitutional, then the grant of rulemaking authority and any
20 rule proposed or adopted after August 28, 2018, shall be invalid
21 and void.

22 6. For purposes of this section, "electrical corporation"
23 and "commission" shall mean the same as defined in section
24 386.020, but an "electrical corporation" shall not include an
25 electrical corporation as described in subsection 2 of section
26 393.110.

27 7. This section shall expire on December 31, 2023; provided
28 however, that after such expiration, the electrical corporation

1 shall be entitled to recover any remaining regulatory asset
2 balance as provided in subsection 2 of this section.

3 Section B. Because immediate action is necessary to reduce
4 the electric bills of consumers due to the implementation of
5 federal tax cuts, the enactment of section 393.137 of this act is
6 deemed necessary for the immediate preservation of the public
7 health, welfare, peace and safety, and is hereby declared to be
8 an emergency act within the meaning of the constitution, and the
9 enactment of section 393.137 of this act shall be in full force
10 and effect upon its passage and approval.