

SENATE AMENDMENT NO. _____

Offered by _____ of _____

Amend SS/Senate Bill No. 618, Page 1, Section 393.1009, Line 13,

2 of said page, by inserting after "effective ISRS" the following:
 3 ", less the net plant value of any retired assets"; and

4 Further amend said bill, page 6, section 393.1012, line 23
 5 by inserting immediately after said line the following:

6 "393.1015. 1. (1) At the time that a gas corporation
 7 files a petition with the commission seeking to establish or
 8 change an ISRS, it shall submit proposed ISRS rate schedules and
 9 its supporting documentation regarding the calculation of the
 10 proposed ISRS with the petition, and shall serve the office of
 11 the public counsel with a copy of its petition, its proposed rate
 12 schedules, and its supporting documentation.

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

16 2. (1) When a petition, along with any associated proposed
 17 rate schedules, is filed pursuant to the provisions of sections
 18 393.1009 to 393.1015, the commission shall conduct an examination
 19 of the proposed ISRS.

20 (2) The staff of the commission may examine information of
 21 the gas corporation to confirm that the underlying costs are in

1 accordance with the provisions of sections 393.1009 to 393.1015,
2 and to confirm proper calculation of the proposed charge, and may
3 submit a report regarding its examination to the commission not
4 later than sixty days after the petition is filed. No other
5 revenue requirement or ratemaking issues may be examined in
6 consideration of the petition or associated proposed rate
7 schedules filed pursuant to the provisions of sections 393.1009
8 to 393.1015.

9 (3) The commission may hold a hearing on the petition and
10 any associated rate schedules and shall issue an order to become
11 effective not later than one hundred twenty days after the
12 petition is filed.

13 (4) If the commission finds that a petition complies with
14 the requirements of sections 393.1009 to 393.1015, the commission
15 shall enter an order authorizing the corporation to impose an
16 ISRS that is sufficient to recover appropriate pretax revenue, as
17 determined by the commission pursuant to the provisions of
18 sections 393.1009 to 393.1015.

19 3. A gas corporation may effectuate a change in its rate
20 pursuant to the provisions of this section no more often than two
21 times every twelve months.

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

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

26 (2) The gas corporation's actual regulatory capital
27 structure as determined during the most recent general rate
28 proceeding of the gas corporation;

29 (3) The actual cost rates for the gas corporation's debt

1 and preferred stock as determined during the most recent general
2 rate proceeding of the gas corporation;

3 (4) The gas corporation's cost of common equity as
4 determined during the most recent general rate proceeding of the
5 gas corporation;

6 (5) The current property tax rate or rates applicable to
7 the eligible infrastructure system replacements;

8 (6) The current depreciation rates applicable to the
9 eligible infrastructure system replacements; and

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

20 5. (1) The monthly ISRS charge may be calculated based on
21 a reasonable estimate of billing units in the period in which the
22 charge will be in effect, which shall be conclusively established
23 by dividing the appropriate pretax revenues by the customer
24 numbers reported by the gas corporation in the annual report it
25 most recently filed with the commission pursuant to subdivision
26 (6) of section 393.140, and then further dividing this quotient
27 by twelve. Provided, however, that the monthly ISRS may vary
28 according to customer class and may be calculated based on
29 customer numbers as determined during the most recent general

1 rate proceeding of the gas corporation so long as the monthly
2 ISRS for each customer class maintains a proportional
3 relationship equivalent to the proportional relationship of the
4 monthly customer charge for each customer class.

5 (2) At the end of each twelve-month calendar period the
6 ISRS is in effect, the gas corporation shall reconcile the
7 differences between the revenues resulting from an ISRS and the
8 appropriate pretax revenues as found by the commission for that
9 period and shall submit the reconciliation and a proposed ISRS
10 adjustment to the commission for approval to recover or refund
11 the difference, as appropriate, through adjustments of an ISRS
12 charge.

13 6. (1) A gas corporation that has implemented an ISRS
14 pursuant to the provisions of sections 393.1009 to 393.1015 shall
15 file revised rate schedules to reset the ISRS to zero when new
16 base rates and charges become effective for the gas corporation
17 following a commission order establishing customer rates in a
18 general rate proceeding that incorporates in the utility's base
19 rates subject to subsections 8 and 9 of this section eligible
20 costs previously reflected in an ISRS.

21 (2) Upon the inclusion in a gas corporation's base rates
22 subject to subsections 8 and 9 of this section of eligible costs
23 previously reflected in an ISRS, the gas corporation shall
24 immediately thereafter reconcile any previously unreconciled ISRS
25 revenues as necessary to ensure that revenues resulting from the
26 ISRS match as closely as possible the appropriate pretax revenues
27 as found by the commission for that period.

28 7. A gas corporation's filing of a petition or change to an
29 ISRS pursuant to the provisions of sections 393.1009 to 393.1015

1 shall not be considered a request for a general increase in the
2 gas corporation's base rates and charges.

3 8. Commission approval of a petition, and any associated
4 rate schedules, to establish or change an ISRS pursuant to the
5 provisions of sections 393.1009 to 393.1015 shall in no way be
6 binding upon the commission in determining the ratemaking
7 treatment to be applied to eligible infrastructure system
8 replacements during a subsequent general rate proceeding when the
9 commission may undertake to review the prudence of such costs.
10 In the event the commission disallows, during a subsequent
11 general rate proceeding, recovery of costs associated with
12 eligible infrastructure system replacements previously included
13 in an ISRS, the gas corporation shall offset its ISRS in the
14 future as necessary to recognize and account for any such
15 overcollections.

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

20 10. Nothing contained in sections 393.1009 to 393.1015
21 shall be construed to impair in any way the authority of the
22 commission to review the reasonableness of the rates or charges
23 of a gas corporation, including review of the prudence of
24 eligible infrastructure system replacements made by a gas
25 corporation, pursuant to the provisions of section 386.390.

26 11. The commission shall have authority to promulgate rules
27 for the implementation of sections 393.1009 to 393.1015, but only
28 to the extent such rules are consistent with, and do not delay
29 the implementation of, the provisions of sections 393.1009 to

1 393.1015. Any rule or portion of a rule, as that term is defined
2 in section 536.010, that is created under the authority delegated
3 in this section shall become effective only if it complies with
4 and is subject to all of the provisions of chapter 536 and, if
5 applicable, section 536.028. This section and chapter 536 are
6 nonseverable and if any of the powers vested with the general
7 assembly pursuant to chapter 536 to review, to delay the
8 effective date, or to disapprove and annul a rule are
9 subsequently held unconstitutional, then the grant of rulemaking
10 authority and any rule proposed or adopted after August 28, 2003,
11 shall be invalid and void.

12 12. Any gas corporation whose ISRS is found by a court of
13 competent jurisdiction to include illegal and inappropriate
14 charges shall refund every current customer of the gas
15 corporation who paid such charges, before the gas corporation can
16 file for a new ISRS.

17 Section 1. The provisions of sections 393.1009 to 393.1015
18 shall expire on August 28, 2029."; and

19 Further amend the title and enacting clause accordingly.