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# From the Office of Doug Libla

JANUARY 18TH 2018 BY DEE LOFLIN

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## **ELECTRIC UTILITIES ARE AT IT AGAIN!**

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Jefferson City, Missouri - Ameren, and other electric utilities are promoting Senate Bill 564 as legislation that is desperately needed for electric consumers.

Let's quickly examine the facts of the bill:

1. Senate Bill 564 removes discretion from the Missouri Public Service Commission (PSC) to decide important ratemaking issues. The PSC is the only consumer protection agency against monopolies. This bill adopts ratemaking mechanisms that greatly benefit utilities with even higher profits and all classes of customers will experience much higher electric rates;
2. The PSC has previously rejected ratemaking mechanisms in this bill, such as surcharged increases in transmission costs, tracked property taxes and cybersecurity costs. So, while a utility is earning more than its authorized profit, these trackers treat the utility as if it was actually earning less than authorized, and then pass the tracked increases on to future ratepayers – pretty tricky;
3. Senate Bill 564 also adopts another PSC-rejected ratemaking mechanism which is plant-in-service-accounting (PISA). The purpose of PISA is to eliminate regulatory lag,

the most significant financial incentive a monopoly utility has to curb its costs. The PSC previously rejected Ameren's request for PISA, referring to it as "a solution in search of a problem";

4. Proponents of Senate Bill 564 argue the bill's rate increase "caps" will benefit consumers by limiting average annual rate increases to no more than 3 percent. Truth is... the bill does not include any rate increase caps, there are merely rate increase milestones above which the utilities still collect the inflated rates. Utilities could, conceivably, increase rates by any amount per year and the only consequence would be a penalty that would be much smaller than the extra collections;

5. The rate increase milestones for large industrial customers is different in that the other customers must, for five years, subsidize the industrials by paying even greater rate increases in order to hold the large industrials' increases to 2 percent. Ameren's last approved rate increase was 3.5 percent which averaged 1.75 percent per year;

In summary, Senate Bill 564 WILL INCREASE ALL RATEPAYERS' ELECTRIC RATES, but will increase small and average customers' rates the most. Dozens of lobbyists are well paid to represent the monopoly utilities; we are paid to represent our constituents.

THIS IS NOTHING MORE THAN THE FOX MANAGING THE CHICKEN HOUSE.

JUST ANOTHER ATTEMPT TO DIMINISH THE OVERSIGHT OF THE PSC.

THIS BILL DOES NOTHING FOR THE GRID.

IT IS ALL ABOUT THE GREED!

Doug Libla, Missouri Senator (District 25)

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