



AARP Missouri
9200 Ward Parkway
Suite 350
Kansas City, MO 64114

T 1-866-389-5627
F 816-561-3107
www.aarp.org/mo

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Ms. Shelley Brueggemann
Acting Secretary and General Counsel
Missouri Public Service Commission
200 Madison Street
P. O. Box 360
Jefferson City, MO 65102-0360

RE: Docket No. EW-2013-0425, In the Matter of a Working Case to address Legislative Concerns Regarding Proposals to Modify Ratemaking Procedures for Electric Utilities.

Dear Ms. Brueggemann:

This letter is being submitted in response to the Missouri Public Service Commission's (Commission's) request for comments in this docket regarding current legislative attempts to modify the way that electric rates are set in our state. I appreciate your assistance in seeing that these comments are brought to the Commission's attention in this matter.

AARP is on record at the Missouri General Assembly in opposition to SB 207. It is our analysis that the legislation will make it easier and faster for utilities to increase rates to consumers and gut the process that is designed to ensure Missouri consumers pay fair utility rates. Our consistent message to the Legislature has been the same: Please take time to carefully study SB 207 and what it will mean for families and retirees who must pay increased utility bills. Therefore, AARP welcomes the current review of the SB 207 (and its similar House counterpart, HB 398).

SB 207 would significantly expand the current Infrastructure Surcharge Replacement Surcharge ("ISRS") to make it easier for electric utilities to raise rates up to 10% each and every year. The proposed electric surcharge is not limited to essential or emergency repairs. SB 207 covers all types of investments from smart meters to utility poles to power plants. SB 207 would supplant the rate case process because these expenses would be added to consumer bills without the Commission providing a thorough review to ensure that such increases are reasonable and fair to consumers. The Commission's initial review of surcharge rate proposals would be very limited. This limited review would essentially consist of checking the utility's math, instead of checking to ensure that consumers are not being overcharged.

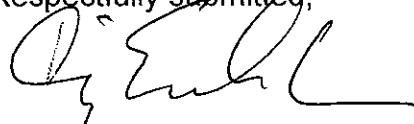
An anticipated result of the Legislation is that the utilities would have less incentive to control costs if they are not held accountable for rate increases through the surcharge. After the money has been collected from ratepayers through the surcharge, the Office of Public Counsel and other interveners in a rate case will have an uphill battle to show whether a particular investment, such as smart meters, were worth the money in the first place.

In addition, SB 207 includes a so-called "tracker" mechanism that allows virtually all non-capital expenditures to be granted deferral as a regulatory asset, again with limited review. Both the expanded-ISRS surcharge and the new tracker are drastic departures from the current rate case process, and would cost consumers hundreds of millions of dollars, and cause utility bills to increase each year.

These concerns are not theoretical. Last year, AARP released a report, "Increasing Use of Surcharges on Consumer Utility Bills," which reveals how the increased use of fee and surcharge schemes burden consumer utility bills and short cut essential rate protections for the consumer. In fact, the surcharges described in our report that are in use in other states are more limited than SB 207.

AARP supports the comments filed today on behalf of the Consumers Council of Missouri and the Missouri Retail Association in this docket. Mr. Carver and Mr. Brosch have provided the type of analysis that has been absent from the Legislative debate on this bill.

Respectfully submitted,



Craig Eichelman
State Director
AARP Missouri