

Missouri Legislature passes electricity rate incentives

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By KATIE KULL

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JEFFERSON CITY, Mo. (AP) — Lawmakers agreed with Gov. Eric Greitens on Friday to allow major electricity users to negotiate lower rates in an effort to lure hundreds of jobs to southeast Missouri, though some legislators worried the move could eventually mean higher utility bills for average customers.

The Senate voted 24-5 to approve legislation aimed at steel mills, aluminum smelters and other large electricity users so they can enter into longer, lower-cost contracts than currently allowed under state law. The legislation was approved by the House 120-17 on Wednesday, just two days after being introduced during a special session.

The bill now moves to the governor, who has waged a campaign in favor of the proposal — including a rally outside the Capitol and campaign videos showing him lobbying for the measure with residents of southeastern Missouri. The region is home to some of the poorest counties in the state.

"This was so important because we told people during the campaign that we're going to come here and we're going to fight for them," Greitens told The Associated Press after Friday's vote. "I'm really proud of the fact that we've got this victory."

Supporters of the bill that passed Friday hope the legislation will lure two businesses to southeastern Missouri, where the closure of a Noranda aluminum smelter last year eliminated more than 900 jobs in the area.

A Switzerland-based company bought the plant and expressed interest in reopening part of it through a subsidiary, Magnitude 7 Metals. But those jobs haven't come to fruition, in part because the company needed a lower electricity rate.

A business from India has looked at opening a steel mill in the area, potentially bringing more than 200 jobs, according to New Madrid City Administrator Richard McGill. The company has also looked at sites in West Virginia and New York.

Greitens said he spoke with both companies and is confident the steel company would choose New Madrid. McGill said the company wants to pick a site by June 30.

But the legislation offers no guaranteed jobs, and some lawmakers said the legislation could enable companies like Ameren — Missouri's largest electricity provider— to raise rates on average customers.

"I understand that we need to have competitive electric rates, there's no question that'd be beneficial ... I just want to make sure that consumers are protected," Republican Sen. Andrew Koenig said.

Senators attempted to tack on several changes to the bill, one ensuring that the negotiated rate wouldn't go below the electric company's incremental cost. But lawmakers shunned the changes. They cited testimony from state Public Service Commission officials who said the commission likely wouldn't approve a rate below incremental cost.

An analysis from the commission also found that average ratepayers likely wouldn't see a change in their monthly bills if a new steel mill came to New Madrid. If the aluminum smelter reopens, ratepayers could see a maximum of \$54 increase per year after 10 years if energy cost inflation would rise by 10 percent annually, according to the report.

The analysis was based on estimated rates from both companies — Sumangala Steel and Magnitude 7 Metals. The Public Service Commission will still have the power to reject or approve proposed rates.

"This bill should be — and will be — fair to all consumers because they have a lot to lose if it isn't," said Republican Sen. Doug Libla, who carried the bill in the Senate.

The proposal also allows companies that use more than 50 megawatts of electricity per month to apply for a lower rate if that's a deciding factor for them to open in Missouri. But that's a lot of electricity — most industries don't use that much.