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MEMORANDUM

To: Chairman Holmes and members of the House Energy and Utilities Committee
From: Matt Sterling, Assistant Revisor of Statutes
Date: February 3, 2012
Subject: House Bill 2489

HB 2489 would permit a natural gas cooperative public utility to elect to be exempt from the jurisdiction, regulation, supervision and control of the state corporation commission. To do so, the natural gas public utility would undertake a process of polling its members, voting on the proposition and notifying the commission of an affirmative result. The process would be the same that exists under current law for electric cooperatives that elect to be deregulated.

For any cooperative exempted from regulation, the bill states that if a petition was signed by at least 5% of the cooperative's customers or 3% of any one rate class, the commission would investigate the rates, joint rates, tolls, charges and exactions, classifications and schedules of rates the cooperative within one year after any change in such rates, classifications or schedules of rates. If after the investigation, the commission determined that such rates, charges or classifications were unjust, the commission would have the authority to fix and substitute just and reasonable rates. The cooperative's rates, charges or classifications would remain in effect, subject to change or refund, until the commission's final order.

For any cooperative exempted under this section, the bill would also require that any meeting at which a change in rates was to be discussed that 10 days notice be given to all members of the cooperative. The cooperative would also be required to maintain a schedule of rates and charges at its headquarters and to make copies of such rates and charges available to the public. Failure to provide proper notice or to maintain a schedule of rates and charges would subject the cooperative to civil penalties. Lastly, the cooperative would be required to include a provision in its notice to customers of the customer's right to request the commission to review any rate change.