

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Establishment of a)	
Working Case for the Review and)	
Consideration of a Rewrite of the Existing)	Case No. AW-2018-0385
Electric and Gas Promotional Practices)	
Rules Into One Rule)	

COMMENTS OF THE MISSOURI PROPANE GAS ASSOCIATION

COMES NOW the Missouri Propane Gas Association (MPGA), and for its comments in this case, states as follows:

Introduction

The Commission opened this file on June 27, 2018, at the request of the Commission’s Staff, to assist Staff in its review and consideration of a rewrite of the Commission’s separate electric and gas rules regarding promotional practices into a single promotional practices rule. Several interested stakeholders have filed written comments, and a workshop was held on January 21, 2020.

On January 29, 2020, Staff filed a request asking the Commission to notify interested stakeholders that Staff would like them to file additional comments and proposed rule language by March 20, 2020. Staff also indicates it would like to reserve May 4, 2020, for a possible workshop to further discuss these matters. Based on these requests, the Commission invited interested stakeholders to submit additional comments and proposed rule language by March 20, 2020, and reserved May 4, 2020, for a possible workshop meeting.

MPGA is a trade association representing members who sell propane or propane appliances and equipment in Missouri. It exists to serve the propane industry by promoting safety education and public awareness of the uses of propane.

MPGA members are small business owners. They have payrolls to meet and bills to pay. Primarily, they exist to provide propane products and services to their customers.

The reason MPGA decided to participate in this case is because propane dealers compete with investor-owned natural gas companies for customers. In areas that are served by propane and natural gas, that means competition for customers for space heating, hot water heating, clothes dryers, and vent free gas logs for the fireplace.

Quite simply, all the propane dealers are asking for from this Commission is a chance to fairly compete on a level playing field. With this in mind, MPGA has reviewed the draft rule proposed by Staff, comments filed by interested parties, and the stakeholder presentations from the January 21, 2020 workshop, and has prepared these comments which it now submits in accordance with the Commission's order.

Comments

Since so much of the competition between propane and natural gas is based on price, the propane dealers would like the Commission to set rates based on the true cost of service so that the market will operate fairly, and customers will be free to choose what fuel is best for them based on actual costs. MPGA's comments address two issues: (1) Consolidation of the Promotional Practice Rules; and (2) Policy Considerations.

1. Consolidation of the Promotional Practice Rules

MPGA supports Staff's proposal to consolidate multiple rules into one proposed rule to promotional practices. As currently constructed, the rules are spread out across several sections, making it difficult to locate applicable rules or to ensure full compliance with all rules.

Consolidating all of the promotional practice rules in one place is more efficient for both the

commission and the utilities, and lessens the likelihood of missing or overlooking an important requirement.

2. Policy Considerations

MPGA desires and supports vigorous competition among alternative sources of energy. Competition should, however, be based upon the merits of the product and the convenience and true cost to the consumer.

If an investor-owned utility regulated by the Commission is allowed to require its ratepayers to subsidize its promotional practices so that it can induce a customer to switch from one fuel to another, then that customer is not basing his or her decision on the true cost of service. Ratepayers should not be required to pay for any promotional practices; rather, the Commission should promote a free and competitive market with an equal opportunity for everyone to compete on a level playing field. This will help keep prices low and ensure good service to customers. Promotional expenses should be borne by the utility's shareholders, not ratepayers.

In its presentation during the January 21, 2020 workshop, the Office of Public Counsel (OPC) proposed a simplified version of the promotional practices rule. Basically, OPC is proposing to relax current restrictions and administrative oversight on utilities' promotional practices, so long as ratepayers do not have to fund the programs. The shareholders would be completely responsible for funding a utility's promotional practices. The OPC says that this would shift the risk from ratepayers to shareholders, in exchange for giving utilities greater freedom to operate.¹

¹ OPC Presentation, "*Reexamining Promotional Practices: A Modest Proposal*," File No. AW-2018-0385, EFIS Item No. 17, p. 4 (January 27, 2020).

Requiring shareholders to pay for all of a utility's promotional practices has an added benefit. The utility would have a big incentive to spend shareholder dollars prudently and carefully, knowing that the costs could not be buried in rates. Given their monopoly status, investor-owned utility companies are especially more beholden to their shareholders than their ratepayers.

MPGA sees merit in this "no ratepayer subsidies" approach. Monopoly utilities should not be able to increase shareholders' profits by burdening their ratepayers with the costs of attracting new customers. Both old and new customers would benefit from this approach.

Conclusion

For the reasons set forth above, MPGA supports the consolidation of the promotional practice rules as proposed by staff, and also supports any rule changes that would prohibit investor-owned utilities from recouping promotional practice costs from their customers. If the Commission is inclined to consider substantive changes to the promotional practice rules, then MPGA would support scheduling an additional workshop to further explore this issue.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all parties on the official service list for this case on this 20th day of March, 2020.

A handwritten signature in black ink that reads "Terry M. Jarrett". The signature is written in a cursive style with a horizontal line extending from the top left of the first letter.

Terry M. Jarrett