



November 17, 2017

Dear Members of the Missouri General Assembly,

The Missouri Retailers Association has opposed legislation that we believed would have made it easier for utilities to increase electric rates and make it more expensive to run a brick-and-mortar Missouri store for decades. Like other consumer groups, we made the economic determination that our energy costs were better off under current law than with these proposed changes.

We understand that electricity rates in Missouri have risen four times faster than the national average over the past decade. Missouri could lose its status as a low-cost energy state. Annual rate increases are hurting Missouri businesses and citizens on fixed incomes. Additionally, the unpredictable nature of these rate spikes makes competing against retailers in other states and across the Internet extremely difficult. Put simply, if we can't find a way to better control electricity costs in our state, many Missouri retailers who are already facing ever rising operating costs and unfair Internet competition may call it quits.

Because the status quo is not keeping energy rates down, the Missouri Retailers Association will commit to working on comprehensive energy legislation during the 2018 Missouri Legislative session. However, before we can support any particular legislation, it must at least contain these consumer elements:

- **Three Percent Rate Cap** --- Residential and retail Missouri businesses simply cannot afford to see Missouri's energy costs increase four times faster than other states. These rate spikes are unpredictable and harmful to our economy. We support legislation that caps rate increases annually in the range of 3%, with no exceptions to these caps. A 3% rate cap, for example, would be roughly half of what annual increases have been over the past decade. This will give Missourians the stable and predictable pricing we need. If passed, such a cap would represent the most restrictive rate cap in the country. The Retailers Association can only support strong measures to reverse the current trend in electric rate spikes.
- **Strong Regulatory Oversight** —Our regulators are professional, hardworking individuals, greatly trusted to perform their duties in the best interest of Missourians. We must ensure the Missouri Public Service Commission (PSC) has the same level of utility oversight that exists today and we will vigorously oppose any changes that reduce the burden of proof for regulated-utilities' projects and investments.

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In exchange for this much-needed rate cap, we are willing to help find a common ground on comprehensive legislation that retains or increases current PSC authority and addresses regulatory lag for our state's regulated electric utilities as well as address interest costs and lost depreciation associated with making energy grid investments. Given mandatory rate caps and the economic benefits of significant job creation, my members can commit to finding a compromise on a comprehensive plan.

If our electricity rates are going up four times faster than the national average in Missouri, obviously we must explore alternatives to our current regulatory system.

David Overfelt

President, Missouri Retailers Association

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