



MISSOURI GROCERS ASSOCIATION

"Committed to Growth & Profitability of Our Members"

Dear Members of the Missouri General Assembly,

The Missouri Grocers Association's members include over 1,300 businesses from all across our great state. We are local and family-owned grocers, distributors and suppliers. And, our members interact with Missouri's local communities like no other business as each day hundreds of thousands of Missourians walk through our doors to purchase needed food and medicine. In short, we are a vital piece to each local economy.

In today's economy, running a family-owned grocery store takes dedication, hard work and ingenuity. But it also takes electricity. Next time you go grab a cold gallon of milk or a hot rotisserie chicken, just imagine how much energy is being used to heat, cool, cook and light your local grocery store. Because margins are so small in this industry, cost spikes like we've recently seen in electricity result in unsustainable and uncompetitive costs trends for my members and our customers.

As was pointed out recently by the Missouri Retailers Association, Missouri's energy costs have recently increased four times faster than the national average. It's time for the Missouri general assembly to act, and act quickly, before it is too late. Despite this energy cost trend, Missouri is still a relatively low-cost energy state, but we will lose this position without immediate action in the 2018 legislative session.

The Missouri Grocers Association is joining the Missouri Retailers Association in calling on the Missouri General Assembly to pass legislation instituting a rate cap on electricity increases. If we can cap rate increases annually in the range of 3%, it will give grocers, retailers, families and small businesses the stable and predictable pricing we need. This type of rate cap would cut the rate increases that our businesses have seen over the past decade roughly in half.

The problem is that Missouri's energy regulations are over 100 years old, established by the General Assembly in 1913, and have not been materially updated since. Today, however, energy is vital to our members. In addition to the costs of energy, a sustained power outage can cost a single grocer tens of thousands of dollars; and cut off vital food, water and medicine to a community in need. A new modern grid, like other states are building, will prevent power outages or shorten them should they occur. And, new grid technology will provide my members with critical information as to when power will be restored.

Caps as outlined above may be some of the strongest rate caps in the country and are meaningful protections for customers of regulated electric utilities. For example, the five year savings for a typical Missouri family, compared to the ten-year status quo, is nearly \$850. A locally-owned grocer would save an estimated \$25,000 over the next five years; while a big box super store's five year savings would be \$170,000. These are dollars that can be returned to our local communities, or reinvested in employees or other improvements.



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In exchange for this much-needed rate cap, we are willing to support changes to the regulatory process, but never a weakening of the PSC's authority or lessening of the burden of proof utilities must show to increase rates. These regulatory changes include addressing regulatory lag for our state's regulated electric utilities by allowing utility recovery of interest costs and lost asset depreciation but only within the safeguards of a traditional PSC rate review process. This policy change can both improve the grid and give Missourians stable and predictable costs.

Regulations can be burdensome, and possibly nothing has imposed greater costs on my members, our customers and our communities, than energy costs. We support a plan to bend this cost curve while enhancing critical infrastructure. Forty-six other states have taken action and are well past the checkout lane on this one, and we need Missouri to do the same.

Sincerely,

Dan Shaul

Dan Shaul,
Executive Director
Missouri Grocers Association