

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 711
96TH GENERAL ASSEMBLY

1825L.03C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 250.236, 386.850, 393.015, 393.275, 393.1000, 393.1003, and 660.122, RSMo, and to enact in lieu thereof six new sections relating to utilities.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 250.236, 386.850, 393.015, 393.275, 393.1000, 393.1003, and
2 660.122, RSMo, are repealed and six new sections enacted in lieu thereof, to be known as
3 sections 250.236, 393.015, 393.275, 393.1000, 393.1003, and 660.122, to read as follows:

250.236. 1. Any city, town or village may contract with a private or public water
2 company to terminate water services, at the direction of the city, because a customer fails to pay
3 his sewer bill. When charges for sewer services are in arrears for more than three months and
4 after the city sends notice to the customer [by certified mail], the city may disconnect the
5 customer's sewer line or request in writing that the private or public water company discontinue
6 water service until such time as the sewer charges and all related costs are paid.

7 2. A private or public water company acting pursuant to a written request from the city
8 as provided in subsection 1 of this section is not liable for damages related to termination of
9 water services. All costs related to disconnection and reconnections shall be reimbursed to the
10 private water company by the city.

393.015. 1. Notwithstanding any other provision of law to the contrary, any sewer
2 corporation, municipality or sewer district established under the provisions of chapter 249 or
3 250, or sections 204.250 to 204.470, or any sewer district created and organized pursuant to
4 constitutional authority, may contract with any water corporation to terminate water services to
5 any customer premises for nonpayment of a sewer bill. No such termination of water service
6 may occur until thirty days after the sewer corporation, municipality or statutory sewer district
7 or sewer district created and organized pursuant to constitutional authority sends a written notice

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

8 to the customer [by certified mail], except that if the water corporation is performing a combined
9 water and sewer billing service for the sewer corporation, municipality or sewer district, no
10 additional notice or any additional waiting period shall be required other than the notice and
11 waiting period already used by the water corporation to disconnect water service for nonpayment
12 of the water bill. Acting pursuant to a contract, the water corporation shall discontinue water
13 service until such time as the sewer charges and all related costs of termination and
14 reestablishment of sewer and water services are paid by the customer.

15 2. A water corporation acting pursuant to a contract with a sewer corporation,
16 municipality or sewer district as provided in subsection 1 of this section shall not be liable for
17 damages related to termination of water services unless such damage is caused by the negligence
18 of such water corporation, in which case the water corporation shall be indemnified by the sewer
19 corporation, municipality or sewer district. Unless otherwise specified in the contract, all costs
20 related to the termination and reestablishment of services by the water corporation shall be
21 reimbursed by the sewer corporation, municipality, sewer district or sewer district created and
22 organized pursuant to constitutional authority.

393.275. 1. The commission shall notify the governing body of each city or county
2 imposing a business license tax pursuant to section 66.300, 92.045, 94.110, 94.270 or 94.360,
3 RSMo, or a similar tax adopted pursuant to charter provisions in any constitutional charter city
4 with a population of at least three hundred fifty thousand inhabitants which is located in more
5 than one county, on gross receipts of any gas corporation, electric corporation, water corporation
6 or sewer corporation of any tariff increases authorized for such firm doing business in that city
7 or county if the approved increase exceeds seven percent. The commission shall include with
8 such notice to any city or county the percentage increase approved for the utility, together with
9 an estimate of the annual increase in gross receipts resulting from the tariff increase on customers
10 residing in that city or county. The provisions of this subsection shall not apply to rate
11 adjustments in the purchase price of natural gas which are approved by the commission.

12 2. The governing body of each city or county notified of a tariff increase as provided in
13 subsection 1 of this section shall reduce the tax rate of its business license tax on the gross
14 receipts of utility corporations. Within sixty days of the effective date of the tariff increase, the
15 tax rate shall be reduced to the extent necessary so that revenue for the ensuing twelve months
16 will be approximately equal to the revenue received during the preceding twelve months plus a
17 growth factor. The growth factor shall be equal to the average of the additional revenue received
18 in each of the preceding three years. However, a city or county may maintain the tax rate of its
19 business license tax on the gross receipts of utility corporations without reduction if an ordinance
20 to maintain the tax rate is enacted by the governing body of the city or an order to maintain the
21 tax rate is issued by the governing body of the county after September 28, 1985. The provisions

22 of this subsection shall not apply to rate adjustments in the purchase price of natural gas which
 23 are approved by the commission **and such purchased gas adjustment rates shall include the**
 24 **gas cost portion of net write-offs incurred by the gas corporation in providing service to**
 25 **system sales customers upon the filing and approval of new rate schedules applicable to**
 26 **such customers. Such rate schedules shall be designed to simultaneously decrease the gas**
 27 **corporation's base rates and increase its purchased gas adjustment rates by like amounts**
 28 **so as to reasonably ensure that the gas cost portion of the net write-offs applicable to such**
 29 **customers, as such portion is determined by the commission, is only being recovered once**
 30 **through the gas corporation's purchased gas adjustment rates. Increases and decreases**
 31 **in the gas cost portion of net write-offs shall thereafter be reflected in the gas corporation's**
 32 **purchased gas adjustment rates under tariff provisions approved by the commission**
 33 **provided, however, that such tariff provisions shall:**

34 (1) **Limit increases or decreases in the gas cost portion of net write-offs as reflected**
 35 **in purchased gas adjustment rates to once each year;**

36 (2) **Require a true-up of the gas cost portion of net write-offs as reflected in**
 37 **purchased gas adjustment rates once each year; and**

38 (3) **Require commission review of the gas cost portion of net write-offs as reflected**
 39 **in purchased gas adjustment rates once each year to ensure that the gas corporation is**
 40 **prudently pursuing collection of amounts owed by its customers.**

393.1000. As used in sections 393.1000 to 393.1006, the following terms mean:

2 (1) "Appropriate pretax revenues", the revenues necessary to produce net operating
 3 income equal to:

4 (a) The water corporation's weighted cost of capital multiplied by the net original cost
 5 of eligible infrastructure system replacements, including recognition of accumulated deferred
 6 income taxes and accumulated depreciation associated with eligible infrastructure system
 7 replacements which are included in a currently effective ISRS; and

8 (b) Recover state, federal, and local income or excise taxes applicable to such income;
 9 and

10 (c) Recover all other ISRS costs;

11 (2) "Commission", the Missouri public service commission;

12 (3) "Eligible infrastructure system replacements"[,] :

13 (a) Water utility plant projects that:

14 [(a)] a. Replace or extend the useful life of existing infrastructure;

15 [(b)] b. Are in service and used and useful;

16 [(c)] c. Do not increase revenues by directly connecting the infrastructure replacement
 17 to new customers; and

- 18 [(d)] **d.** Were not included in the water corporation's rate base in its most recent general
19 rate case; **and**
- 20 **(b) Energy efficiency projects that:**
- 21 **a. Are in service and used and useful;**
- 22 **b. Do not increase revenues by directly connecting the infrastructure replacements**
23 **to new customers; and**
- 24 **c. Were not included in the water corporation's rate base in its most recent general**
25 **rate case;**
- 26 (4) "Energy efficiency", measures that reduce the amount of energy required to
27 achieve a given end result;
- 28 (5) "ISRS", infrastructure system replacement surcharge;
- 29 [(5)] (6) "ISRS costs", depreciation expenses and property taxes that will be due within
30 twelve months of the ISRS filing;
- 31 [(6)] (7) "ISRS revenues", revenues produced through an ISRS, exclusive of revenues
32 from all other rates and charges;
- 33 [(7)] (8) "Water corporation", every corporation, company, association, joint stock
34 company or association, partnership, and person, their lessees, trustees, or receivers appointed
35 by any court whatsoever, owning, operating, controlling, or managing any plant or property, dam
36 or water supply, canal, or power station, distributing or selling for distribution, or selling or
37 supplying for gain any water [to more than ten thousand customers];
- 38 [(8)] (9) "Water utility plant projects" may consist only of the following:
- 39 (a) Mains, [and associated] valves [and] , hydrants, **service lines, and meters** installed
40 as replacements for existing facilities that have worn out or are in deteriorated condition **or**
41 **replaced as part of a commission order;**
- 42 (b) Main cleaning and relining projects; [and]
- 43 (c) Facilities relocations required due to construction or improvement of a highway,
44 road, street, public way, or other public work by or on behalf of the United States, this state, a
45 political subdivision of this state, or another entity having the power of eminent domain provided
46 that the costs related to such projects have not been reimbursed to the water corporation; **and**
- 47 **(d) Energy efficiency projects.**

393.1003. 1. Notwithstanding any provisions of chapter 386, RSMo, and this chapter
2 to the contrary, as of August 28, [2003] **2012**, a water corporation [providing water service in
3 a county with a charter form of government and with more than one million inhabitants] may file
4 a petition and proposed rate schedules with the commission to establish or change ISRS rate
5 schedules that will allow for the adjustment of the water corporation's rates and charges to
6 provide for the recovery of costs for eligible infrastructure system replacements [made in such

7 county with a charter form of government and with more than one million inhabitants;] ,
8 provided that an ISRS, on an annualized basis, must produce ISRS revenues of at least one
9 million dollars, **or ten thousand dollars for a small water corporation as defined in section**
10 **393.146**, but not in excess of ten percent of the water corporation's base revenue level approved
11 by the commission in the water corporation's most recent general rate proceeding. An ISRS and
12 any future changes thereto shall be calculated and implemented in accordance with the provisions
13 of sections 393.1000 to 393.1006. ISRS revenues shall be subject to refund based upon a finding
14 and order of the commission, to the extent provided in subsections 5 and 8 of section 393.1006.

15 2. The commission shall not approve an ISRS for a water corporation [in a county with
16 a charter form of government and with more than one million inhabitants] that has not had a
17 general rate proceeding decided or dismissed by issuance of a commission order within the past
18 three years, unless the water corporation has filed for or is the subject of a new general rate
19 proceeding.

20 3. In no event shall a water corporation collect an ISRS for a period exceeding three
21 years unless the water corporation has filed for or is the subject of a new general rate proceeding;
22 provided that the ISRS may be collected until the effective date of new rate schedules established
23 as a result of the new general rate proceeding, or until the subject general rate proceeding is
24 otherwise decided or dismissed by issuance of a commission order without new rates being
25 established.

660.122. Funds appropriated under the authority of sections 660.100 to 660.136 may be
2 used to pay the expenses of reconnecting or maintaining service to **eligible** households that have
3 had their primary or secondary heating or cooling source disconnected or service discontinued
4 because of their failure to pay their bill. Any qualified household or other household which has
5 as its head a person who is elderly or disabled, as defined in section 660.100, shall be eligible
6 for assistance under this section if the income for the household is no more than one hundred
7 fifty percent of the current federal poverty level or sixty percent of the state median income and
8 if moneys have been appropriated by the general assembly to the utilicare stabilization fund
9 established pursuant to section 660.136. Payments under this section shall be made directly to
10 the primary or secondary heating or cooling source supplier. Any primary or secondary heating
11 or cooling source supplier subject to the supervision and regulation of the public service
12 commission shall, at any time during the period of the cold weather rule specified in the cold
13 weather rule as established and as amended by the public service commission, reconnect and
14 provide services to each household eligible for assistance under this section in compliance with
15 the terms of such cold weather rule, **provided that such suppliers shall permit customers who**
16 **have not yet been disconnected and who incurred an arrearage during the cold weather**
17 **rule period to retain service by paying during each of the three months following the cold**

18 **weather rule period an amount equal to one-third of the customer's arrearage, plus the**
19 **customer's current bill.** All home energy suppliers receiving funds under this section shall
20 provide service to eligible households consistent with their contractual agreements with the
21 department of social services **and sections 660.100 to 660.136.**

2 [386.850. The Missouri energy task force created by executive order
3 05-46 shall reconvene at least one time per year for the purpose of reviewing
4 progress made toward meeting the recommendations set forth in the task force's
5 final report as issued under the executive order. The task force shall issue its
6 findings in a status report to the governor and general assembly no later than
December thirty-first of each year.]

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