

HCS HB 711 -- UTILITIES

SPONSOR: Pollock

COMMITTEE ACTION: Voted "do pass" by the Committee on Utilities by a vote of 20 to 0.

This substitute changes the laws regarding utilities.

NOTICE OF TERMINATION OF WATER SERVICE FOR NONPAYMENT OF SEWER SERVICE CHARGES

Currently, any municipality, sewer corporation, or sewer district that contracts with a water company to terminate water service to customer premises for nonpayment of sewer bills is required to send the notice of termination of water service by certified mail. The substitute removes the certified mail requirement.

RATE ADJUSTMENTS

Currently, rate adjustments in the purchase price of natural gas that are approved by the Missouri Public Service Commission are exempt from certain provisions relating to business license taxation. The substitute adds a qualifying provision that any purchased gas adjustment rate must include the gas cost portion of net write-offs incurred by the gas company in providing service to customers. Any net write-offs may only be recovered once through purchased gas adjustment rates, and an annual true-up of the gas cost portion of the net write-offs is required. The commission must annually review the gas company's debt collection efforts to ensure that it is prudently pursuing collection of the amounts owed by customers.

INFRASTRUCTURE REPLACEMENT SURCHARGES

The substitute changes the laws regarding infrastructure replacement surcharges for water corporations. The substitute:

- (1) Revises the definition for "eligible infrastructure system replacements" to include energy efficiency projects that are in service, used, and useful; do not increase revenues by connecting the infrastructure replacements to new customers; and were not included in the water corporation's rate base in its most recent rate case and defines "energy efficiency" as measures that reduce the amount of energy required to achieve a given end result;
- (2) Adds service lines and meters that have worn out, are in a deteriorated condition, or replaced as part of an order issued by the Missouri Public Service Commission, as well as energy efficiency projects, to the list of projects that are allowable

water utility plant projects; and

(3) Allows, beginning August 28, 2012, specified small water corporations to file a petition and proposed rate schedules with the commission to establish or change its infrastructure system replacement surcharge rate schedules that will allow for the adjustment of the corporation's rates and charges to provide for the recovery of costs for eligible infrastructure system replacements if the surcharge produces on an annual basis revenues of at least \$1 million or \$10,000 for a small water corporation. Currently, only water corporations in St. Louis County are allowed to file a petition and proposed rate schedules.

SERVICE DISCONNECTION

An electric or gas company must allow a customer who has not yet been disconnected and who incurs an arrearage during the cold weather rule period to retain service by paying one-third of the arrearage, plus the current bill, in each of the three months following the cold weather rule period.

MISSOURI ENERGY TASK FORCE

The provisions are repealed which require the Missouri Energy Task Force to reconvene at least one time a year and issue a status report to the Governor and General Assembly by December 31 of each year.

FISCAL NOTE: Estimated Net Effect on General Revenue Fund of an income of \$0 to a cost of Unknown in FY 2012, FY 2013, and FY 2014. No impact on Other State Funds in FY 2012, FY 2013, and FY 2014.

PROPOSERS: Supporters say that the bill will result in cost savings by eliminating a certified mailing requirement.

Testifying for the bill was Representative McDonald.

OPPOSERS: There was no opposition voiced to the committee.