

COMMITTEE OF ORIGIN: Committee on Utilities

Beginning January 1, 2018, this substitute allows hydroelectric generation from Missouri utilities and facilities owned or sharing a purchased power agreement with Missouri utilities to be used to meet the renewable energy standard of Sections 393.1030 - 393.1045, RSMo. Beginning January 1, 2021, all hydroelectric generation from any source will be classified as a certified renewable energy resource and may be used to meet the renewable energy standards of Sections 393.1020 to 393.1045. Hydropower generated from pumped storage will remain ineligible to be counted as renewable energy for the purposes of the standard.

Prior to August 28, 2013, existing hydroelectric generation facilities that have met the definition of a "renewable energy resource" and have been certified by the Division of Energy within the Department of Natural Resources must be considered to be renewable energy resources and will meet the renewable energy standards under Sections 393.1020 to 393.1045.

The substitute revises the definition of "renewable energy resources" to include algae grown for energy production

#### INFRASTRUCTURE REPLACEMENT SURCHARGE

The substitute changes the laws regarding infrastructure replacement surcharges for water corporations. In its main provisions, 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 or sewer 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. Eligible projects for sewer corporations are also specified in the substitute;

(2) Adds service lines, meters, collecting sewers, lift stations and pressure pumps 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 or sewer utility plant projects; and

(3) Allows, beginning August 28, 2014, all water corporations and

sewer corporations regulated by the commission to file a petition and proposed rate schedules 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. Depreciation on investments must not be recorded on the books until it is actually recovered through rate adjustments. Small water and sewer companies with less than 8,000 customers may file once their investments reach \$10,000. The current requirement of a \$1 million investment for larger water or sewer corporations to file a petition with the commission remains. Currently, only water corporations in St. Louis County are allowed to file a petition and proposed rate schedules.