

FIRST REGULAR SESSION

[PERFECTED]

HOUSE BILL NO. 44

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE KORMAN.

0401H.02P

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 393.1000, 393.1003, and 393.1025, RSMo, and to enact in lieu thereof four new sections relating to regulation of water resources.

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

Section A. Sections 393.1000, 393.1003, and 393.1025, RSMo, are repealed and four
2 new sections enacted in lieu thereof, to be known as sections 393.1000, 393.1003, 393.1025, and
3 393.1032, to read as follows:

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 **or sewer corporation's** weighted cost of capital multiplied
5 by the net original cost of eligible infrastructure system replacements, including recognition of
6 accumulated deferred income taxes and accumulated depreciation associated with eligible
7 infrastructure system 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 **or sewer** utility plant projects that:

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

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.

- 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 **or sewer corporation's** rate base
- 19 in its most recent general 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 or sewer corporation's rate base**
- 25 **in its most recent general 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; **depreciation expense on eligible infrastructure system**
- 31 **capital investments shall not begin to be recorded on a utility's books until it is included**
- 32 **in ISRS revenues or base revenues;**
- 33 [(6)] (7) "ISRS revenues", revenues produced through an ISRS, exclusive of revenues
- 34 from all other rates and charges;
- 35 (8) "Base revenues", **revenues produced through a general rate case proceeding;**
- 36 [(7)] (9) "Water corporation", every corporation, company, association, joint stock
- 37 company or association, partnership, and person, their lessees, trustees, or receivers appointed
- 38 by any court whatsoever, owning, operating, controlling, or managing any plant or property, dam
- 39 or water supply, canal, or power station, distributing or selling for distribution, or selling or
- 40 supplying for gain any water [to more than ten thousand customers];
- 41 [(8)] (10) "Sewer corporation", **every corporation, company, association, joint stock**
- 42 **company or association, partnership, and person, their lessees, trustees, or receivers**
- 43 **appointed by any court whatsoever, owning, operating, controlling, or managing any sewer**
- 44 **system, plant, or property, for the collection, carriage, treatment, or disposal of sewage**
- 45 **anywhere within the state for gain;**
- 46 (11) "Water or sewer utility plant projects" may consist only of the following:
- 47 (a) Mains, [and associated] valves [and] , hydrants, **service lines, and meters, collecting**
- 48 **sewers (including force lines, gravity sewers, interceptors, laterals, trunk sewers, manholes,**
- 49 **lampholes, and necessary appurtenances, including service wyes), lift stations, and pressure**
- 50 **pumps** installed as replacements for existing facilities that have worn out or are in deteriorated

51 condition **or replaced as part of a commission order, or the replacement of any of the forms**
52 **of plant utility named above with improved technology;**

53 (b) Main **and sewer** cleaning and relining projects; [and]

54 (c) Facilities relocations required due to construction or improvement of a highway,
55 road, street, public way, or other public work by or on behalf of the United States, this state, a
56 political subdivision of this state, or another entity having the power of eminent domain provided
57 that the costs related to such projects have not been reimbursed to the water corporation **or sewer**
58 **corporation; and**

59 (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] **2014**, a water corporation **or sewer corporation**
3 [providing water service in a county with a charter form of government and with more than one
4 million inhabitants] may file a petition and proposed rate schedules with the commission to
5 establish or change ISRS rate schedules that will allow for the adjustment of the water
6 corporation's **or sewer corporation's** rates and charges to provide for the recovery of costs for
7 eligible infrastructure system replacements [made in such county with a charter form of
8 government and with more than one million inhabitants;] , provided that an ISRS, on an
9 annualized basis, must produce ISRS revenues of at least one million dollars **for a water**
10 **corporation or sewer corporation, or ten thousand dollars for a small sewer corporation**
11 **or small water corporation as defined in section 393.146**, but not in excess of ten percent of
12 the water corporation's **or sewer corporation's** base revenue level approved by the commission
13 in the water corporation's most recent general rate proceeding. An ISRS and any future changes
14 thereto shall be calculated and implemented in accordance with the provisions of sections
15 393.1000 to 393.1006. ISRS revenues shall be subject to refund based upon a finding and order
16 of the commission, to the extent provided in subsections 5 and 8 of section 393.1006.

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

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

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

- 2 (1) "Commission", the public service commission;
- 3 (2) "Department", the department of natural resources;
- 4 (3) "Electric utility", any electrical corporation as defined by section 386.020;
- 5 (4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one
- 6 megawatt-hour of electricity has been generated from renewable energy sources; and
- 7 (5) "Renewable energy resources", electric energy produced from wind, solar thermal
- 8 sources, photovoltaic cells and panels, dedicated crops **or algae** grown for energy production,
- 9 cellulosic agricultural residues, plant residues, methane from landfills, from agricultural
- 10 operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting
- 11 waste material to energy, clean and untreated wood such as pallets, hydropower (not including
- 12 pumped storage) [that does not require a new diversion or impoundment of water and that has
- 13 a nameplate rating of ten megawatts or less], fuel cells using hydrogen produced by one of the
- 14 above-named renewable energy sources, and other sources of energy not including nuclear that
- 15 become available after November 4, 2008, and are certified as renewable by rule by the
- 16 department.

393.1032. 1. Notwithstanding any other provision of law, all hydroelectric generation facilities located in Missouri, hydroelectric generation facilities that are owned by a Missouri utility, or under a purchased power agreement with a Missouri utility that is required to comply with energy standards under sections 393.1020 to 393.1045, will be classified as a certified renewable energy resource effective January 1, 2018. Beginning January 1, 2021, all hydroelectric generation, will be classified as a certified renewable energy resource. Such certification as a renewable energy resource will become effective immediately upon the occurrence of the delayed effective dates in this section, and will not require any additional certification from the division of energy of the Missouri department of natural resources or an equivalent agency.

2. Prior to August 28, 2013, existing hydroelectric generation facilities that have met the definition of a renewable energy resource and have been certified as such by the division of energy of the Missouri department of natural resources or an equivalent agency, shall be considered to be renewable energy resources under sections 393.1020 to 393.1045.

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