

SECOND REGULAR SESSION

[PERFECTED]

HOUSE BILL NO. 1358

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE FLANIGAN.

4990H.01P

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 393.1000 and 393.1003, RSMo, and to enact in lieu thereof two new sections relating to infrastructure system replacement surcharges.

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

Section A. Sections 393.1000 and 393.1003, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 393.1000 and 393.1003, 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 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) **"Base revenues", revenues produced through a general rate case proceeding;**

12 (3) "Commission", the Missouri public service commission;

13 [(3)] (4) "Eligible infrastructure system replacements"[,] :

14 (a) Water **or sewer** utility plant projects that:

15 [(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.

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

393.1003. 1. Notwithstanding any provisions of chapter 386 and this chapter to the
2 contrary, as of August 28, [2003] **2014**, a water corporation [providing water service in a county
3 with a charter form of government and with more than one million inhabitants] may file a
4 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]; provided
8 that an ISRS, on an annualized basis, must produce ISRS revenues of at least one million dollars
9 but not in excess of ten percent of the water corporation's base revenue level approved by the
10 commission in the water corporation's most recent general rate proceeding. An ISRS and any
11 future changes thereto shall be calculated and implemented in accordance with the provisions

12 of sections 393.1000 to 393.1006. ISRS revenues shall be subject to refund based upon a finding
13 and order of the commission, to the extent provided in subsections 5 and 8 of section 393.1006.

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

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

25 **4. This section is intended for the specific and unique purpose of replacing aging**
26 **water and sewer infrastructure in order to maintain safe and reliable water and sewer**
27 **service. This section is not intended to apply beyond its specific purpose and shall not be**
28 **construed in any manner to apply to electric corporations, natural gas corporations, or any**
29 **other utility regulated by the public service commission.**

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