

HB 1358 -- WATER AND SEWER INFRASTRUCTURE SYSTEM REPLACEMENT  
SURCHARGES

SPONSOR: Flanigan

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

Beginning August 28, 2014, this bill allows any water corporation or any sewer system, plant, or property for the collection, carriage, treatment, or disposal of sewage for gain to more than 10,000 customers to apply to the Missouri Public Service Commission for an infrastructure system replacement surcharge in the same manner that a water corporation in St. Louis County is currently allowed to apply. These provisions are intended for the specific and unique purpose of replacing aging water and sewer infrastructure in order to maintain safe and reliable water and sewer service and cannot be construed in any manner to apply to any electric or natural gas corporation or any other utility regulated by the commission.

PROPONENTS: Supporters say that the bill extends the current authorization of a water corporation in St. Louis County to apply for a surcharge to replace water infrastructure to a water or sewer corporation in any area of Missouri with more than 10,000 customers. The program has worked well and allows water and sewer districts to recover their costs in a timely manner and to borrow money for repairs at a low interest rate. Costs are not recovered until the repairs to a water or sewer system are in use by its customers.

Testifying for the bill were Representative Flannigan; Frank Curtman, Missouri American Water Company; and Missouri Energy Development Association.

OPPONENTS: Those who oppose the bill say that there is not a statewide crisis in water or sewer infrastructure requiring an unusual single-item surcharge that is granted outside the general rate making process. The bill could set a bad precedent of allowing single-issue ratemaking. It is difficult to evaluate water and sewer projects for earnings because they issue detailed reports on an annual basis. The bill will lead to increased costs for consumers without corresponding benefits because most water and sewer facilities are not in dire need of repair.

Testifying against the bill were the Office of the Public Counsel; AARP Missouri; Consumers Council of Missouri; Missouri Association for Social Welfare; and Chris Rope, Fair Energy Action Fund.