

SS SB 705 -- WATER UTILITIES

SPONSOR: Riddle

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Utilities by a vote of 8 to 3. Voted "Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 8 to 2.

This bill enables water and sewer corporations to apply to the Public Service Commission for an interim rate change outside of a general rate proceeding to ensure that revenue requirements are met.

This bill also requires water corporations with more than 1000 Missouri customers to develop a qualification process for the competitive bidding of contractors seeking construction contracts for distribution system projects.

Within 30 days of the effective date of this bill and the water corporation's filing of a general rate proceeding, the water corporation shall file a verified statement with the commission stating that it has in place a bid qualification process. Any general rate proceeding filing thereafter shall be accompanied with a verified statement that the electrical corporation is using a competitive bidding process for installing no less than 10% of combined external installation expenditures in Missouri for construction services on distribution system projects.

The commission shall report to the General Assembly by December 31, 2020, and annually thereafter, on the effects of contractor qualification and bidding.

This bill is similar to HB 1999 (2018).

PROPOSERS: Supporters say that this bill authorizes the commission to set water rates in relation to their actual costs due to over- and under-use. Weather can result in fluctuating water use, which in turn makes consumer rates unpredictable. This bill is not a mandate for rates to change, but rather another option for the commission to use.

Testifying for the bill were Senator Riddle; Missouri American Water; and the Missouri Chamber of Commerce and Industry.

OPPOSERS: Those who oppose the bill say that this bill has been improved through negotiation, but there are still concerns that after a disaster or economic downturn that results in a significant decrease in the customer base, the remaining water customers will have to pay for the lost revenue.

Testifying against the bill was the American Association of Retired Persons (AARP).