

HCS HB 633 -- WATER AND WASTEWATER INFRASTRUCTURE

SPONSOR: Bondon

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Utilities by a vote of 8 to 5. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 8 to 1.

This bill modifies the laws relating to utilities by prohibiting public water supply districts and metropolitan public water supply districts from requiring a secondary deposit from commercial property owners. Both kinds of water supply districts are also barred from charging a customer once a water meter has been removed from the applicable property or if service has been discontinued. Any charges made after service is discontinued or the water meter is removed shall be credited toward the customer's future charges.

The bill also establishes the "Missouri Water and Wastewater Infrastructure Resilience Act," which specifies that a water or sewer company may file a petition and proposed rate schedules with the Public Service Commission to create or change an infrastructure resilience rate adjustment (IRRA) that provides for the recovery of pretax revenues associated with eligible infrastructure projects, provided that the IRRA produces IRRA revenues of at least \$1 million annually. The IRRA and any future changes must meet specific requirements.

The commission cannot approve an IRRA for a water or sewer corporation that has not had a general rate proceeding decided or dismissed in the three years before the filing of an IRRA petition unless the corporation has filed for or is the subject of a new general rate proceeding. A corporation cannot collect an IRRA for more than three years unless the corporation had filed for or is the subject of a new rate proceeding. In such case, the IRRA can be collected until the effective date of the new rate schedules.

At the time the corporation files a petition for an IRRA, it must submit proposed IRRA rate schedules and supporting documentation, and it must also serve the Office of Public Counsel with a copy of the petition, rate schedules, and documentation. Upon filing, the commission must publish a notice of the filing, and conduct and examination of the proposed IRRA, as specified in the bill. The commission may hold a hearing on the petition and any associated IRRA rate schedules. If the commission finds that a petition complies with the requirements, the commission must enter an order authorizing the corporation to implement the IRRA. A corporation may petition the commission for a change in its IRRA no more than twice in a 12-month period.

The bill specifies information the commission may consider in determining the appropriate pretax revenues and how the IRRA is calculated. If this information is unavailable and the commission has not provided it on an agreed-upon basis, the commission must use the last authorized overall pretax weighted average cost of capital for and IRRA or the last authorized overall pretax weighted average cost of capital in a general rate proceeding for the corporation. At the end of each calendar year, the corporation must reconcile the differences between the revenues from an IRRA and the appropriate pretax revenues found by the commission for that period and submit the reconciliation and proposed IRRA to the commission for approval to recover or credit the difference.

A corporation that has an IRRA must file revised IRRA schedules when new base rates and charges become effective following a general rate proceeding that includes the IRRA eligible costs in the base rates. Once the eligible costs are included in corporation's base rates, the corporation must reconcile any previously unreconciled IRRA revenues to ensure that revenues resulting from the IRRA match as closely as possible the appropriate pretax revenues.

A corporation's filing of a petition to establish or change an IRRA is not considered a request for a general increase in the corporation's base rates and charges. Nothing in this bill impairs the authority of the commission to review the prudence or eligibility of specific projects in the proposed IRRA.

PROPONENTS: Supporters say that this bill would promote proactive replacement of water and wastewater infrastructure. It can cost up to 10 times more to replace a water main in an emergency than replacing the main in coordination with other public works projects. Maintaining the water and wastewater infrastructure is important to the economy of the state because affordable, reliable utilities help attract and retain business in the state.

Testifying for the bill were Representative Bondon; Missouri American Water; and Missouri Chamber of Commerce & Industry.

OPPONENTS: Those who oppose the bill say that this would increase water and sewer rates for customers without data to show a real problem with water and sewer main breaks.

Testifying against the bill were David Woodsmall, Midwest Energy Consumers Group; John Coffman, Consumers Council Of Missouri; and Missouri Industrial Energy Consumers (MIEC).

OTHERS: Others testifying on the bill say this bill would allow

companies to increase water and sewer rates outside of the rate making process, which would provide no opportunity for public comment.

Testifying on the bill was the American Association of Retired Persons.