

House _____ Amendment NO. _____

Offered By

1 AMEND House Committee Substitute for House Bill No. 2669, Page 2, Section 256.410, Line 38,
2 by inserting after all of said section and line the following:

3
4 "393.320. 1. As used in this section, the following terms mean:

5 (1) "Large water public utility", a public utility:

6 (a) That regularly provides water service ~~[or sewer service]~~ to more than eight thousand
7 customer connections, regularly provides sewer service to more than eight thousand customer
8 connections, or regularly provides a combination of either to more than eight thousand customer
9 connections; and

10 (b) That provides safe and adequate service but shall not include a sewer district established
11 under Section 30(a), Article VI of the Missouri Constitution, sewer districts established under the
12 provisions of chapter 204, 249, or 250, public water supply districts established under the provisions
13 of chapter 247, or municipalities that own water or sewer systems;

14 (2) "Small water utility", a public utility that regularly provides water service or sewer
15 service to eight thousand or fewer customer connections; a water district established under the
16 provisions of chapter 247 that regularly provides water or sewer service to eight thousand or fewer
17 customer connections; a sewer district established under the provisions of chapter 204, 249, or 250
18 that regularly provides sewer service to eight thousand or fewer customer connections; or a water
19 system or sewer system owned by a municipality that regularly provides water service or sewer
20 service to eight thousand or fewer customer connections; and all other entities that regularly provide
21 water service or sewer service to eight thousand or fewer customer connections.

22 2. The procedures contained in this section may be chosen by a large water public utility,
23 and if so chosen shall be used by the public service commission to establish the ratemaking rate base
24 of a small water utility during an acquisition.

25 3. (1) An appraisal shall be performed by three appraisers. One appraiser shall be
26 appointed by the small water utility, one appraiser shall be appointed by the large water public
27 utility, and the third appraiser shall be appointed by the two appraisers so appointed. Each of the
28 appraisers shall be a disinterested person who is a certified general appraiser under chapter 339.

29 (2) The appraisers shall:

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1 (a) Jointly prepare an appraisal of the fair market value of the water system and/or sewer
2 system. The determination of fair market value shall be in accordance with Missouri law and with
3 the Uniform Standards of Professional Appraisal Practice; and

4 (b) Return their appraisal, in writing, to the small water utility and large water public utility
5 in a reasonable and timely manner.

6 (3) If all three appraisers cannot agree as to the appraised value, the appraisal, when signed
7 by two of the appraisers, constitutes a good and valid appraisal.

8 4. Nothing in this section shall prohibit a party from declining to proceed with an
9 acquisition or be deemed as establishing the final purchase price of an acquisition.

10 5. (1) The lesser of the purchase price or the appraised value, together with the reasonable
11 and prudent transaction, closing, and transition costs incurred by the large water public utility, shall
12 constitute the ratemaking rate base for the small water utility as acquired by the acquiring large
13 water public utility; provided, however, that if the small water utility is a public utility subject to
14 chapter 386 and the small water utility completed a rate case prior to the acquisition, the public
15 service commission may select as the ratemaking rate base for the small water utility as acquired by
16 the acquiring large water public utility a ratemaking rate base in between:

17 (a) The lesser of the purchase price or the appraised value, together with the reasonable and
18 prudent transaction, closing, and transition costs incurred by the large water public utility unless
19 such transaction, closing, and transition costs are elsewhere recoverable in rates; and

20 (b) The ratemaking rate base of the small water utility as ordered by the public service
21 commission in the small water utility's last previous rate case as adjusted by improvements and
22 depreciation reserve since the previous rate case together with the transaction, closing, and transition
23 costs incurred by the large water public utility unless such transaction, closing, and transition costs
24 are elsewhere recoverable in rates. If the small water utility and large water public utility proceed
25 with the sale, any past-due fees due to the state from the small water utility or its customers under
26 chapter 640 or 644 shall be resolved prior to the transfer of ownership or the liability for such past-
27 due fees becomes the responsibility of the large water public utility. Such fees shall not be included
28 in the large water public utility's rate base.

29 (2) The public service commission shall issue its decision establishing the ratemaking rate
30 base of the small water utility in its order approving the acquisition. For any acquisition with an
31 appraised value of five million dollars or less, such decision shall be issued within six months from
32 the submission of the application by the large public water utility to acquire the small utility.

33 (3) Prior to the expiration of the six-month period, the public service commission staff or
34 the office of public counsel may request an extension for approval of the application for an
35 additional thirty days from the public service commission, upon a showing of good cause.

36 6. Upon the date of the acquisition of a small water utility by a large water public utility,
37 whether or not the procedures for establishing ratemaking rate base provided by this section have
38 been utilized, the small water utility shall, for ratemaking purposes, become part of an existing
39 service area, as defined by the public service commission, of the acquiring large water public utility

1 that is either contiguous to the small water utility, the closest geographically to the small water
 2 utility, or best suited due to operational or other factors. This consolidation shall be approved by the
 3 public service commission in its order approving the acquisition.

4 7. Any new permit issued pursuant to chapters 640 and 644, when a small water utility is
 5 acquired by a large water public utility, shall include a plan to resolve all outstanding permit
 6 compliance issues. After the transfer of ownership, the acquiring large public water utility shall
 7 continue providing service to all customers that were served by the small water utility at the time of
 8 sale.

9 8. This section is intended for the specific and unique purpose of determining the
 10 ratemaking rate base of small water utilities and shall be exclusively applied to large water public
 11 utilities in the acquisition of a small water utility. This section is not intended to apply beyond its
 12 specific purpose and shall not be construed in any manner to apply to electric corporations, natural
 13 gas corporations, or any other utility regulated by the public service commission.

14 393.1506. 1. Notwithstanding any provisions of chapter 386 and this chapter to the
 15 contrary, a water or sewer corporation that provides water [~~or sewer~~] service to more than eight
 16 thousand customer connections, sewer service to more than eight thousand customer connections, or
 17 a combination of either to more than eight thousand customer connections may file a petition and
 18 proposed rate schedules with the commission to establish or change a WSIRA that will provide for
 19 the recovery of the appropriate pretax revenues associated with the eligible infrastructure system
 20 projects, less the appropriate pretax revenues associated with any retired utility plant that is being
 21 replaced by the eligible infrastructure system projects. The WSIRA shall not produce revenues in
 22 excess of fifteen percent of the water or sewer corporation's base revenue requirement approved by
 23 the commission in the water or sewer corporation's most recent general rate proceeding; provided,
 24 however, that neither WSIRA revenues attributable to replacement of customer-owned lead service
 25 lines, nor any reconciliation amounts described in subdivision (2) of subsection 5 of section
 26 393.1509, shall count toward the program cap. The WSIRA and any future changes thereto shall be
 27 calculated and implemented in accordance with the provisions of sections 393.1503 to 393.1509.
 28 WSIRA revenues shall be subject to refund based upon a finding and order of the commission, to
 29 the extent provided in subsections 5 and 8 of section 393.1509.

30 2. The commission shall not approve a WSIRA for a water or sewer corporation that has not
 31 had a general rate proceeding decided or dismissed by issuance of a commission order within the
 32 past three years of the filing of a petition pursuant to this section unless the water or sewer
 33 corporation has filed for or is the subject of a new general rate proceeding.

34 3. In no event shall a water or sewer corporation collect a WSIRA for a period exceeding
 35 three years unless the water or sewer corporation has filed for or is the subject of a pending general
 36 rate proceeding; provided that the WSIRA may be collected until the effective date of new rate
 37 schedules established as a result of the new general rate proceeding or until the subject general rate
 38 proceeding is otherwise decided or dismissed by issuance of a commission order without new rates
 39 being established.

1 4. Except as provided in this subsection, in no event shall a water or sewer corporation
2 collect a WSIRA if also collecting revenues from a commission approved infrastructure system
3 replacement surcharge as provided in sections 393.1000 to 393.1006. In no event shall a customer
4 be charged both an infrastructure system replacement surcharge as provided in sections 393.1000 to
5 393.1006 and a WSIRA. In the event a water or sewer corporation is collecting infrastructure
6 system replacement surcharge revenues under sections 393.1000 to 393.1006, that was approved
7 prior to August 28, 2021, when the initial WSIRA is filed, the approved infrastructure system
8 replacement surcharge revenues shall be included in the new WSIRA filing."; and
9
10 Further amend said bill by amending the title, enacting clause, and intersectional references
11 accordingly.