

HB 445 -- UTILITIES

SPONSOR: O'Donnell

This bill modifies the laws relating to utilities.

SOLAR ENERGY ASSESSMENT (Section 137.077)

Beginning January 1, 2025, for purposes of assessing all real property, excluding land, or tangible personal property associated with a project that uses solar energy directly to generate electricity and that was built, or was contracted to sell power, prior to December 31, 2024, or with a placard of one megawatt or less must be considered to be de minimis in value.

The tax liability owed on solar energy projects built prior to December 31, 2024, must not exceed \$500 per megawatt.

This section expires on December 31, 2050.

DEPRECIATION OF REAL PROPERTY (Section 137.122)

Beginning January 1, 2026, the depreciation tables used to assess tangible personal property will be used to assess real property that is used for the transportation or storage of liquid and gaseous products including water, sewage, and natural gas that is not propane or LP gas, but not including petroleum products.

COUNTY BOARD OF TRUSTEES COMPENSATION (Section 204.300)

The bill sets the rate of compensation for members of a County Board of Trustees. Each trustee of the Board may receive an attendance fee not to exceed \$100 for attending each regularly called board meeting, or special meeting, but must not be paid for attending more than two meetings in any calendar month, except that in a county of the first classification, a trustee will not be paid for attending more than four meetings in any calendar month. However, no trustee will be paid more than one attendance fee if such trustee attends more than one board meeting in a calendar week. Each trustee of the Board must be reimbursed for his or her actual expenditures in the performance of his or her duties on behalf of the district.

SEWER DISTRICT BOARD OF TRUSTEES COMPENSATION (Section 204.610)

The bill sets the rate of compensation for members of a Sewer District Board of Trustees. Each trustee of the Board may receive an attendance fee not to exceed \$100 for attending each regularly called board meeting, or special meeting, but must not be paid for

attending more than two meetings in any calendar month, except that in a county of the first classification, a trustee will not be paid for attending more than four meetings in any calendar month. However, no trustee will be paid more than one attendance fee if such trustee attends more than one board meeting in a calendar week. Each trustee of the Board will be reimbursed for his or her actual expenditures in the performance of his or her duties on behalf of the district.

ACQUISITIONS OF SMALL WATER UTILITIES (Section 393.320)

The bill expands the definition of a "large water public utility" to state that such an entity will regularly provide water services to more than 8,000 customers, sewer services to more than 8,000 customer connections, or regularly provide a combination of either to more than 8,000 customer connections. For any acquisition of a small water utility with an appraised value of \$5 million or less, the Public Service Commission must issue its decision within six months of the submission of the application by the large water public utility to acquire a small water utility. The Public Service Commission or the Office of Public Counsel may request an extension for approval of 30 days upon a showing of good cause.

RENEWABLE ENERGY STANDARDS (Section 393.1030)

This bill specifies that electric utilities with more than 250,000 but less than 1 million retail customers in Missouri as of the end of 2022 with energy that meets the criteria of the renewable energy portfolio requirements and is contracted for by an accelerated renewable buyer must:

- (1) Have all associated renewable energy certificates retired by the accelerated renewable buyer and the certificates may not be used to meet the electric utility's portfolio requirements;
- (2) Be excluded from the total electric utility's sales used to determine the portfolio requirements; and
- (3) Be used to offset all or a portion of its electric load to determine compliance with the portfolio requirements.

The bill specifies that the accelerated renewable buyer is exempt from any renewable energy standard compliance costs as established by the utility and approved by the Public Service Commission. Each electric utility must certify, and verify as necessary, to the Commission that the accelerated renewable buyer has satisfied the exemption requirements as specified in the bill. The accelerated renewable buyer may also certify the exemption requirements to the Commission individually.

DEFERRALS BY ELECTRICAL CORPORATIONS (Section 393.1400)

The bill removes "new natural gas units" from the definition of "qualifying electric plant" for the purposes of certain deferrals by electrical corporations.

Currently, an electrical corporation must defer to a regulatory asset 85% of all depreciation expense and return associated with all qualifying electric plant recorded to plant-in-service on the utility's books. The bill increases the required deferral to 90%.

The cost of investments in new generating units and energy storage systems are excluded from the total investments reflected in each year's capital investment plan for which required investments in grid modernization projects are determined.

The bill extends the sunset date of certain provisions relating to deferrals by electrical corporations from December 31, 2028 to December 31, 2035. The deadline to file an application seeking permission from the Public Service Commission relating to deferrals will be extended from December 31, 2026 to December 31, 2033.

Provisions relating to electrical corporations seeking deferrals expire on December 31, 2040, instead of on December 31, 2033.

WATER AND SEWER INFRASTRUCTURE RATE ADJUSTMENT (WSIRA) (Section 393.1506)

The bill allows a public utility with sewer service to more than 8,000 customer connections, or a combination of either water and sewer to more than 8,000 customer connections to file a petition and proposed rate schedules with the Public Service Commission to establish or change a WSIRA that will provide for the recovery of the appropriate pretax revenues associated with the eligible infrastructure system projects.

GAS CUSTOMER DISCOUNTS (Section 393.1645)

The bill makes adjustments to the way in which a gas corporation may apply certain discounts to its customers in their use of the service. The way in which a customer may qualify for one of the discounts is set forth as follows:

(1) When the customer is a new customer and the new load is reasonably projected to be at least 270,000 ccf annually, the discount must equal up to 25% subject to the limiting provisions of this section and will apply for four years; or

(2) When the customer is an existing customer and the new load is reasonably projected to be at least 135,000 ccf annually, the discount will equal 25% subject to the limiting provisions of this section and must apply for four years.

To obtain the discount, the customer's load must be incremental; receive local, regional, or state economic development incentives; and meet the criteria set in the gas corporation's economic development rider tariff sheets.

In each general rate proceeding, the difference in revenues generated by applying the discounted rates and the revenues that would have been generated without such discounts will not be imputed into the gas corporation's revenue requirement. Instead, the revenue requirement should be set using the revenues generated by the discounted rates and allocated to all customer classes as specified in the bill.

CONTRACTING AUTHORITY OF THE PUBLIC SERVICE COMMISSION (Section 393.1700)

The bill authorizes the Public Service Commission to directly contract counsel, financial advisors, or other consultants necessary to implement the provisions of the law allowing for the Commission to approve the issuance of securitized utility tariff bonds by an electrical corporation. The Commission must establish a process for bidding such contracts and make the policy and rate case-specific contract information publicly available.

This bill is similar to HB 1746 (2024) and SB 275 (2023).