

SECOND REGULAR SESSION

SENATE BILL NO. 862

97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR LAGER.

Read 1st time February 12, 2014, and ordered printed.

TERRY L. SPIELER, Secretary.

5960S.011

AN ACT

To repeal sections 393.1000 and 393.1003, RSMo, and to enact in lieu thereof two new sections relating to infrastructure system replacement surcharges.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 393.1000 and 393.1003, RSMo, are repealed and two
2 new sections enacted in lieu thereof, to be known as sections 393.1000 and
3 393.1003, to read as follows:

393.1000. As used in sections 393.1000 to 393.1006, the following terms
2 mean:

3 (1) "Appropriate pretax revenues", the revenues necessary to produce net
4 operating income equal to:

5 (a) The water corporation's weighted cost of capital multiplied by the net
6 original cost of eligible infrastructure system replacements, including recognition
7 of accumulated deferred income taxes and accumulated depreciation associated
8 with eligible infrastructure system replacements which are included in a
9 currently effective ISRS; and

10 (b) Recover state, federal, and local income or excise taxes applicable to
11 such income; and

12 (c) Recover all other ISRS costs;

13 (2) "**Base revenues**", **revenues produced through a general rate**
14 **proceeding;**

15 (3) "Commission", the Missouri public service commission;

16 [(3)] (4) "Eligible infrastructure system replacements", Water **or sewer**
17 utility plant projects that:

18 (a) Replace or extend the useful life of existing infrastructure;

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

- 19 (b) Are in service and used and useful;
- 20 (c) Do not increase revenues by directly connecting the infrastructure
21 replacement to new customers; and
- 22 (d) Were not included in the water corporation's rate base in its most
23 recent general rate [case] **proceeding**;
- 24 [(4)] **(5)** "ISRS", infrastructure system replacement surcharge;
- 25 [(5)] **(6)** "ISRS costs", depreciation expenses and property taxes that will
26 be due within twelve months of the ISRS filing;
- 27 [(6)] **(7)** "ISRS revenues", revenues produced through an ISRS, exclusive
28 of revenues from all other rates and charges;
- 29 [(7)] **(8)** "Water corporation", every corporation, company, association,
30 joint stock company or association, partnership, and person, their lessees,
31 trustees, or receivers appointed by any court whatsoever, owning, operating,
32 controlling, or managing any plant or property, dam or water supply, canal, or
33 power station, distributing or selling for distribution, or selling or supplying for
34 gain any water **or any sewer system, plant, or property, for the collection,**
35 **carriage, treatment, or disposal of sewage for gain** to more than ten
36 thousand customers;
- 37 [(8)] **(9)** "Water **or sewer** utility plant projects" may consist only of the
38 following:
- 39 (a) Mains, [and associated] valves [and], hydrants, **collecting sewer**
40 **pipelines and service lines** installed as replacements for existing facilities
41 that have worn out or are in deteriorated condition, **or that are replaced as**
42 **part of a commission order**;
- 43 (b) Main **and sewer** cleaning and relining projects; [and]
- 44 (c) Facilities relocations required due to construction or improvement of
45 a highway, road, street, public way, or other public work by or on behalf of the
46 United States, this state, a political subdivision of this state, or another entity
47 having the power of eminent domain provided that the costs related to such
48 projects have not been reimbursed to the water corporation.

393.1003. 1. Notwithstanding any provisions of chapter 386 and this
2 chapter to the contrary, as of August 28, [2003] **2014**, a water corporation
3 [providing water service in a county with a charter form of government and with
4 more than one million inhabitants] may file a petition and proposed rate
5 schedules with the commission to establish or change ISRS rate schedules that
6 will allow for the adjustment of the water corporation's rates and charges to

7 provide for the recovery of costs for eligible infrastructure system replacements
8 [made in such county with a charter form of government and with more than one
9 million inhabitants]; provided that an ISRS, on an annualized basis, must
10 produce ISRS revenues of at least one million dollars but not in excess of ten
11 percent of the water corporation's base revenue level approved by the commission
12 in the water corporation's most recent general rate proceeding. An ISRS and any
13 future changes thereto shall be calculated and implemented in accordance with
14 the provisions of sections 393.1000 to 393.1006. ISRS revenues shall be subject
15 to refund based upon a finding and order of the commission, to the extent
16 provided in subsections 5 and 8 of section 393.1006.

17 2. The commission shall not approve an ISRS for a water corporation [in
18 a county with a charter form of government and with more than one million
19 inhabitants] that has not had a general rate proceeding decided or dismissed by
20 issuance of a commission order within the past three years, unless the water
21 corporation has filed for or is the subject of a new general rate proceeding.

22 3. In no event shall a water corporation collect an ISRS for a period
23 exceeding three years unless the water corporation has filed for or is the subject
24 of a new general rate proceeding; provided that the ISRS may be collected until
25 the effective date of new rate schedules established as a result of the new general
26 rate proceeding, or until the subject general rate proceeding is otherwise decided
27 or dismissed by issuance of a commission order without new rates being
28 established.

29 **4. This section is intended for the specific and unique purpose**
30 **of replacing aging water and sewer infrastructure in order to maintain**
31 **safe and reliable water and sewer service. This section is not intended**
32 **to apply beyond its specific purpose and shall not be construed in any**
33 **manner to apply to electric corporations, natural gas corporations, or**
34 **any other utility regulated by the public service commission.**

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