

FIRST REGULAR SESSION

SENATE BILL NO. 541

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHUPP.

Read 1st time March 1, 2017, and ordered printed.

ADRIANE D. CROUSE, Secretary.

2119S.011

AN ACT

To repeal sections 393.1000 and 393.1003, RSMo, and to enact in lieu thereof two new sections relating to the requirement to replace certain infrastructure for water corporations collecting an infrastructure replacement surcharge.

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Section A. Sections 393.1000 and 393.1003, RSMo, are repealed and two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) "Commission", the Missouri public service commission;

14 (3) "Eligible infrastructure system replacements", water utility plant
15 projects that:

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

17 (b) Are in service and used and useful;

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

18 (c) Do not increase revenues by directly connecting the infrastructure
19 replacement to new customers; and

20 (d) Were not included in the water corporation's rate base in its most
21 recent general rate case;

22 (4) "ISRS", infrastructure system replacement surcharge;

23 (5) "ISRS costs", depreciation expenses and property taxes that will be due
24 within twelve months of the ISRS filing;

25 (6) "ISRS revenues", revenues produced through an ISRS, exclusive of
26 revenues from all other rates and charges;

27 (7) "Water corporation", every corporation, company, association, joint
28 stock company or association, partnership, and person, their lessees, trustees, or
29 receivers appointed by any court whatsoever, owning, operating, controlling, or
30 managing any plant or property, dam or water supply, canal, or power station,
31 distributing or selling for distribution, or selling or supplying for gain any water
32 to more than ten thousand customers;

33 (8) "Water utility plant projects" may consist only of the following:

34 (a) Mains, and associated valves and hydrants, installed as replacements
35 for existing facilities that have worn out or are in deteriorated condition;

36 (b) **Replacement of lead pipes, including pipes that contain lead**
37 **solder;**

38 (c) Main cleaning and relining projects; and

39 [(c)] (d) Facilities relocations required due to construction or
40 improvement of a highway, road, street, public way, or other public work by or on
41 behalf of the United States, this state, a political subdivision of this state, or
42 another entity having the power of eminent domain provided that the costs
43 related to such 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, a water corporation providing
3 water service in a county with a charter form of government and with more than
4 one million inhabitants may file a petition and proposed rate schedules with the
5 commission to establish or change ISRS rate schedules that will allow for the
6 adjustment of the water corporation's rates and charges to provide for the
7 recovery of costs for eligible infrastructure system replacements made in such
8 county with a charter form of government and with more than one million
9 inhabitants; provided that an ISRS, on an annualized basis, must produce ISRS
10 revenues of at least one million dollars but not in excess of ten percent of the

11 water corporation's base revenue level approved by the commission in the water
12 corporation's most recent general rate proceeding. An ISRS and any future
13 changes thereto shall be calculated and implemented in accordance with the
14 provisions of sections 393.1000 to 393.1006. ISRS revenues shall be subject to
15 refund based upon a finding and order of the commission, to the extent provided
16 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. The commission shall not approve an ISRS for a water**
30 **corporation unless at least thirty percent of the water corporation's**
31 **total ISRS costs are derived from the replacement of certain water**
32 **utility plant projects set forth in paragraph (b) of subdivision (8) of**
33 **section 393.1000. This subsection shall no longer apply when a water**
34 **corporation filing a petition to establish or change an ISRS no longer**
35 **owns infrastructure, where such infrastructure provides service to**
36 **residential and commercial customers, consisting of lead pipes,**
37 **including pipes that contain lead solder.**

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