

# STATE LEGISLATION



## 2021 Major Utility Legislation

**Senate Bill 44  
House Bill 734**

Earlier this year, Senate Bill 44 was signed as one of two major pieces of utility legislation. An omnibus bill, Senate Bill 44 had a number of provisions impacting both the Commission and investor-owned utility (IOU) customers. The bill enacted into law several provisions, including a pre-emption of political subdivisions from restricting utility connections based off of the source of energy, increased the statutory maximum assessment that funds the Commission, and expanded the existing water infrastructure system replacement surcharge (ISRS) into a new Water and Sewer Infrastructure Act (WSIRA) program.

Under the new WSIRA program, the surcharge mechanism is expanded statewide to any customer of a water or sewer corporation that provides service to more than 8,000 customer connections. The previous ISRS program was geographically restricted to St. Louis County. In addition, under a WSIRA, the types of infrastructure eligible to be recovered upon is expanded beyond the existing ISRS categories of water mains, valves, hydrants, their cleaning/relining, and facility relations due to construction to include a number of other components. A full list of the newly eligible infrastructure components may be found in

§ 393.1503(7). The rate cap for revenue received under a WSIRA is also increased from 10 percent for the former ISRS to 15 percent of total revenues under the WSIRA.

A second utility omnibus bill, House Bill 734, was also approved by the legislature and signed into law by Governor Parson. Notable provisions of House Bill 734 direct the Commission to promulgate rules to facilitate renewable natural gas program creation, require the Commission to utilize certain cost allocation methodologies in rate cases, and permits investor-owned utilities to securitize certain costs associated with natural disasters and the retirement of electric generating facilities. In this case, securitization takes existing debt of the IOU and turns it into customer-backed bonds which are sold in the financial markets. Customer-backed bonds refers to the fact that the debt service on the bond is paid by a dedicated line item on a customer's bill that exists independent of utility usage.

Securitization legislation has increasingly been adopted across the country as a means of reducing the total overall cost to utility customers for large scale expenses such as wildfire/hurricane recovery and facilitating the retirement of coal plants in favor of renewable energy sources.