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S.B. 160 & 82)

393.297. Purpose of sections 393.298 to 393.302. — 1. It is the intent of the general assembly through the passage of this act*:

(1) To maintain a fair and equitable tax structure and to preserve the local tax base by requiring all persons who provide electricity or gas service to pay an equitable share; and

(2) To equalize the amount of business taxes, franchise fees and payments in lieu of taxes on competing suppliers of electricity and gas service.

(3) To restore to political subdivisions revenue sources that existed prior to any previously implemented gas industry restructuring.

(4) To remove disparities in the liability of natural gas suppliers for business taxes, franchise fees, and payments in lieu of taxes, which disparities have arisen as a result of any previously implemented gas industry restructuring.

2. Political subdivisions provide police, fire and public health services, including the inspection of gas and electric equipment and other facilities used in the consumption of gas and electricity. Political subdivisions impose license taxes, franchise fees and sales taxes on providers of electricity and gas services, and require payments in lieu of taxes from publicly owned utilities in order to pay for these and other services related to the transportation, use and consumption of electricity and gas services and for the general operation of government.

3. Missouri has historically restricted competition with respect to electricity and gas services by authorizing the Missouri public service commission to limit the number of providers and has allowed political subdivisions to require franchises for these services. Persons entering the gas and electric markets within Missouri receive substantial revenues from consumers in Missouri, thereby creating a purposeful economic presence in this state. In addition, these persons may also cause electricity and gas to be transported over rights-of-way and utility easements and may use electric lines or gas lines which are owned, controlled and maintained by other public and private entities in this state. Unless all participants in the electricity and gas markets pay comparable taxes and fees, there will be significant tax and franchise fee revenue losses by political subdivisions and unfair competitive disparities among such participants.

4. The legislature finds that electricity and gas are essential, but potentially dangerous, commodities in modern society. The electricity transmission

and distribution system is an interconnected and interdependent grid. Therefore, the legislature finds that it is in the interest of public health and safety to require registration of all sellers of electricity and gas for use or consumption within Missouri.

5. It is not the intent of this act* to regulate the transportation of natural gas, methane, or propane in interstate commerce to the extent that such regulation is preempted by the Constitution of the United States.

(L. 1998 S.B. 627)

Effective 7-10-98

*"This act" (S.B. 627, 1998) contains numerous sections. Consult Disposition of Sections table for definitive listing.

393.298. Definitions. — As used in this section and sections 393.299, 393.301 and 393.302, the following terms mean:

(1) **"Commission"**, the Missouri public service commission;

(2) **"Distribution system"**, the physical plant used to provide energy services including facilities, structures, wires and appurtenances thereto;

(3) **"Distributor"**, an electrical or gas corporation as defined by section 386.020, RSMo, which is authorized by the commission under this chapter, to provide or distribute energy services;

(4) **"Energy services"**, the retail sale of electricity or natural gas, propane or methane to customers or consumers and all associated services that are necessary for their delivery through a distribution system including but not limited to the generation, production, transmission, distribution, billing and metering of such services;

(5) **"Gross receipts"**, all revenues from energy services which are subject to a business license tax of a political subdivision or a franchise agreement between a distributor and a political subdivision or a PILOT;

(6) **"Person"**, includes any individual, firm, cooperative, copartnership, joint venture, association, corporation, municipal or private, and whether organized for profit or not, state, county, political subdivision, state department, commission, board, bureau or agency, or any other group or combination acting as a unit, and the plural as well as the singular number;

(7) **"PILOT"**, the payment or transfer of funds or services by a gas or electric utility owned by a political subdivision and used to provide government services by the political subdivision

including the value of free or subsidized services, provided the value of these services are stated annually in an ordinance as a percentage of the total gross receipts of the gas or electric system;

(8) "Political subdivision", any county, municipality or village in the state of Missouri;

(9) "Proportionate share", the seller's gross receipts multiplied by the franchise fee rate, specified in a franchise agreement between a distributor and a political subdivision or the PILOT rate as provided in any ordinance or order of the political subdivision for the corresponding use of rights-of-way, utility easements or the distribution system of a political subdivision;

(10) "Seller", any person who uses, leases or controls the distribution system of a distributor or a political subdivision or any part thereof to sell energy services at retail within the political subdivision other than a distributor or a political subdivision which uses its own distribution system.

(L. 1998 S.B. 627)

Effective 7-10-98

393.299. Provision of energy services, limitations, exceptions — agreements with commission to pay business license taxes — non-severability clause. — 1. No person, other than a distributor or a political subdivision operating within its territorial limits, shall provide energy services in a political subdivision which has business license taxes in effect pursuant to section 66.300, RSMo, section 71.610, RSMo, section 92.045, RSMo, section 94.110 or 94.360, RSMo, on persons who sell energy services unless the person is certified by the commission as a seller and files its agreement with the commission to pay to the political subdivision all applicable business license taxes. All retail sales of energy shall be made by a distributor, seller or a political subdivision operating within its territorial limits. No distributor or political subdivision shall provide energy services to any person on behalf of any seller unless the seller has been certified as a seller and filed its agreement with the commission to pay all applicable business license taxes and the commission has furnished such distributor or political subdivision with evidence of such certification.

2. No person shall provide energy services in a political subdivision if a franchise agreement is in effect between a distributor and a political subdivision with respect to energy services, or if the political subdivision owns the distribution system, unless

(1) that person enters into an agreement with the political subdivision to pay its proportionate share of the franchise fee or the PILOT, which agreement shall be supplied to the distributor, or (2) the person obtains certification from the commission as a seller and files its agreement to pay the seller's proportionate share of any franchise fee or PILOT. No distributor or political subdivision shall provide energy services to any person on behalf of any seller if a franchise agreement is in effect between a distributor and a political subdivision for energy services, or if the political subdivision owns the distribution system, unless (1) that seller has entered into an agreement with the political subdivision to pay the seller's proportionate share of the franchise fee or the PILOT, or (2) the seller has obtained certification from the commission as a seller and files its agreement to pay the seller's proportionate share of any franchise fee or PILOT.

3. An agreement described in subsections 1 and 2 of this section shall expressly state that the seller waives (1) its right to challenge the validity of the agreement and (2) its right to the refund of amounts paid pursuant to the agreement. Any person who otherwise has standing may challenge the validity of this section without signing such agreement by filing an action for a declaratory judgment in circuit court in the county in which the political subdivision is located. The agreement filed with the commission under subsections 1 and 2 of this section shall be limited solely to the requirements of this subsection and the seller's agreement to pay its taxes, its proportionate share of franchise fees or PILOT's and provisions which require the seller to make available to the political subdivision or the commission its records, including the right to audit.

4. The commission shall establish procedures for certification pursuant to chapter 536, RSMo.

5. Nothing in this section shall be construed to give any seller the right to use the rights-of-way, utility easements or the distribution system of any distributor or political subdivision for any purpose other than to provide energy services to the seller's retail customers.

6. Any agreement described in subsection 1 or 2 of this section shall cease to be effective upon the failure of the seller to fulfill any material obligation under the agreement. The appropriate political subdivision shall notify the commission of any failure to pay any amount required by any agreement described in subsection 1 or 2 of this section. Upon such notification, the commission shall

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immediately notify the seller which shall cease to provide energy services unless it requests a hearing with the commission within fifteen days of the date the notice is filed with the commission. Upon receiving notice from the seller requesting a hearing, the commission shall conduct a hearing to determine whether all material obligations under an agreement have been satisfied. If the commission determines that material obligations have not been satisfied, it shall notify the distributor, and the seller shall thereafter be prohibited from providing energy services from the date set forth in the notice, which shall not be less than thirty days after the commission makes its determination. The distributor shall not provide energy services to the seller if the distributor does not request a hearing after being notified of its material fault or if the commission determines that the seller has failed to satisfy a material obligation of the agreement and thirty days have expired from the date of the commission notification of a breach of a material obligation of any agreement authorized by subsection 1 or 2 of this section.

7. A seller shall be required to pay a political subdivision at a rate equal to but not greater than the rate paid by a distributor for business license taxes, franchise fees or PILOT's as provided for in an ordinance or order of the political subdivision or in a franchise agreement.

8. This section shall not be construed as conferring any rights on any seller to provide energy services within a political subdivision in the state of Missouri. No seller may provide energy services unless it does so in accordance with all applicable laws and in accordance with the applicable rules of the commission. Any seller of natural gas shall file its agreement with the commission within thirty days from the passage of this section.

9. Any person liable for the tax under this section, upon proof that such person has paid a tax in another state or political subdivision with respect to a charge for the sale or transfer of such gas, electricity or energy services, shall be allowed a credit against the tax authorized by this section, to the extent of the amount of the tax legally due and paid in the other state or political subdivision with respect to such charge.

10. Notwithstanding the provisions of section 1.140, RSMo, to the contrary, the provisions of this section shall be nonseverable, and if any provision is for any reason held to be invalid, such decision

shall invalidate all of the remaining provisions of this section.

(L. 1998 S.B. 627 §§ 393.299, 393.300)

Effective 7-10-98

393.300. Customer bills in Braille or bold-faced type on request. — 1. Any provider of telephone, sewer, water, electric or gas utility service, whether public or private, shall, upon the request of a customer of such provider, provide the customer's bills in Braille or no less than twenty-four point bold-faced type print or both.

2. This section shall become effective on August 28, 1999.

(L. 1998 H.B. 1088 § 393.300, § A)

Effective 8-28-99

393.301. Challenging the validity of an agreement, notification — invalidity of section 393.299, effect. — 1. In the event that any legal action to challenge the validity of any agreement made pursuant to subsection 1 or 2 of section 393.299 is filed in any court of competent jurisdiction, the party initiating that action shall immediately furnish a certified copy of the initial pleading to the commission, which act shall be deemed to suspend the provisions of such agreement pending a final and nonappealable judgment or disposition of such action. Upon receipt of the notification, the commission shall immediately notify each affected political subdivision and person providing energy services of the suspension of those agreements. No seller or distributor shall provide energy services after it receives notice from the commission that the seller's agreements have been suspended pursuant to subsection 1 or 2 of section 393.299.

2. In the event that the provisions of section 393.299 are declared to be void or invalid by final judgment of a court of competent jurisdiction, no energy services shall be permitted except upon a finding of public convenience and necessity and compliance with all provisions of this chapter, regulations adopted pursuant to this chapter, and commission orders. No refund of any tax or fee shall be made to any seller that signs an agreement waiving its right to challenge the validity of section 393.299.

(L. 1998 S.B. 627)

Effective 7-10-98

393.302. Tax on energy consumption, ordinance imposing tax, ballot measure required. —

Notwithstanding the provisions of section 393.299, a political subdivision may by ordinance impose a tax upon persons who use or consume gas, electricity or energy services within such political subdivision but who take title to such gas, electricity or energy services outside of that political subdivision. Any person liable for the tax under this section, upon proof that such person has paid a tax in another state or political subdivision with respect to a charge for the sale or transfer of such gas, electricity or energy services, shall be allowed a credit against the tax authorized by this section, to the extent of the amount of the tax legally due and paid in the other state or political subdivision with respect to such charge. The tax shall be measured by all charges for gas, electricity or energy services by the person using or consuming the gas, electricity or energy services at a rate equal to the rate of the applicable business license tax, as authorized in section 66.300, RSMo, section 71.610, RSMo, section 92.045, RSMo, section 94.110 or 94.360, RSMo, or the applicable franchise fee. Such tax shall not become effective unless the governing body of the political subdivision submits to the voters of that political subdivision at any public election allowed pursuant to subsection 1 of section 115.123, RSMo, a proposal to impose a tax under the provisions of this section. The question shall be submitted to the voters in substantially the following form:

Shall the (political subdivision) levy a tax for the purpose of equalizing the obligations of all users of gas, electricity or energy services of a percent which is equal to the obligations of current taxpayers on the purchase price of gas, electricity or energy services sold by any person, corporation or other business entity for ultimate use in the political subdivision but not subject to the current tax?

☐ YES ☐ NO

If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the tax shall become effective on the first day of the first calendar quarter following the calendar quarter in which the election was held. If a majority of the votes cast on the question by the qualified voters voting thereon are opposed to the question, then the governing body of the political subdivision shall have no power to impose the tax authorized by this section unless and until the governing body of the political subdivision again submits the question to the qualified voters of the political subdivision and such question is approved by a majority of the qualified voters voting on the question.

(L. 1998 S.B. 627)

Effective 7-10-98

POWERS OF GAS STORAGE COMPANIES

393.410. Definitions. — As used in sections 393.410 to 393.510:

(1) **"Gas"** means manufactured or natural gas or any combination or mixture thereof, whether or not the natural gas has been processed by removal of component parts not essential to its use for light, heat, or power;

(2) **"Gas storage company"** means any corporation, partnership or person, or its trustees or receivers appointed by any court whatsoever, including any municipal corporation, any gas corporation as defined by section 386.020, RSMo, and any corporation engaged in the transportation of natural gas in interstate commerce or the sale in interstate commerce of such gas for resale, engaged in or which desires to engage in the business of the underground storage of gas intended in whole or in part for either direct or ultimate distribution to the public by means of pipes or pipelines;

(3) **"Underground storage"** or **"underground storage of gas"** means the storing of gas in a geological stratum or strata, formation or formations lying beneath the surface of the earth;

(4) **"Underground storage reservoir"** means the stratum or strata, formation or formations which are, or are to be, used for underground storage of gas.

(L. 1953 p. 513 § 1)

393.420. Acquisition of right to use storage reservoir under publicly owned lands. — In any case where a part of an underground storage reservoir lies in or beneath lands (including the beds of navigable waters) of any public body, a gas storage company desiring to utilize the same for the underground storage of gas may acquire the right to do so, which right every such public body is hereby authorized to grant for such consideration as may be agreed upon with such gas storage company. In the event such gas storage company and such public body cannot agree upon such consideration, or in case there is no public authority other than the general assembly which has power to enter into such an agreement, then such gas storage company may acquire the right to utilize such part of such underground storage reservoir, but not, in such case,