

SB137 INTRODUCED



1 SB137
2 MDPSWHW-1
3 By Senator Waggoner
4 RFD: State Governmental Affairs
5 First Read: 06-Feb-25



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SYNOPSIS:

Under existing law, certain privately owned sewer and wastewater systems are subject to the regulatory jurisdiction of the Public Service Commission.

This bill would allow privately owned sewer and wastewater systems affiliated with such regulated systems to elect to become subject to the regulatory jurisdiction of the Public Service Commission, except when prohibited by a local constitutional amendment. This bill would also provide procedures for such election.

This bill would provide for the capital expenditures and operating expenses of affiliated wastewater and sewer systems under Public Service Commission jurisdiction to be combined to determine a single rate structure and rates for all customers of such affiliated entities, unless adjustments are necessary due to pre-existing obligations or other circumstances unique to a particular service area.

A BILL
TO BE ENTITLED
AN ACT



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29
30 Relating to privately owned sewer and wastewater
31 systems; to authorize and provide a procedure for certain
32 private sewer or wastewater systems not subject to regulation
33 of the Public Service Commission to elect to consolidate with
34 certain private systems that are currently under the
35 jurisdiction of the Public Service Commission.

36 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

37 Section 1. For the purposes of this act the following
38 terms have the following meanings:

39 (1) AFFILIATED SYSTEM. A sewer or wastewater system
40 that is both under common ownership and control with a
41 regulated sewer or wastewater entity and not subject to the
42 jurisdiction of the Public Service Commission as of the
43 effective date of this act.

44 (2) COMMON OWNERSHIP OR CONTROL. Ownership, directly or
45 through one or more affiliates, of 50 percent or more of the
46 shares of stock entitled to vote for the election of
47 directors, in the case of a corporation, or 50 percent or more
48 of the voting equity interests in the case of any other type
49 of legal entity, or status as a general partner in any
50 partnership, or any other arrangement whereby an entity
51 controls or has the right to control the selection of 50
52 percent or more of the board of directors, managing members,
53 or equivalent governing body of a legal entity. An "affiliate"
54 under the preceding sentence means any corporation, limited
55 liability company, partnership, or other legal entity that
56 directly or indirectly controls or is controlled by or is



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57 under common control with such entity.

58 (3) REGULATED SEWER OR WASTEWATER ENTITY. A privately
59 owned sewer or wastewater management entity subject to the
60 rate jurisdiction of the Public Service Commission as of the
61 effective date of this act. The term includes, but is not
62 limited to, any of the following:

63 a. A privately owned and operated wastewater system, as
64 defined in Section 22-25B-1, Code of Alabama 1975, that is
65 required by Chapter 25B, Title 22, Code of Alabama 1975, to be
66 operated and maintained by a wastewater management entity
67 certified by the Public Service Commission.

68 b. Any system subject to the jurisdiction of the Public
69 Service Commission pursuant to Section 58-11.21(b) of the
70 Constitution of Alabama of 2022.

71 Section 2. (a) An affiliated system may elect to become
72 subject to the regulatory jurisdiction of the Public Service
73 Commission by filing a notice with the commission.

74 (b) The Public Service Commission shall certify and
75 regulate an affiliated system making an election under this
76 section in accordance with Title 37, Code of Alabama 1975, and
77 in arriving at a valuation of the property of an affiliated
78 system, the Public Service Commission shall give due
79 consideration to the private utility's property, original cost
80 to the affiliated system, cost of reproduction as a going
81 concern when original cost is not available, and other
82 elements of value recognized by law for rate-making purposes
83 as outlined in Section 37-4-17, Code of Alabama, 1975.

84 (c) An affiliated system making an election under this



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85 section shall continue to charge the rates in effect at the
86 time of election, and which rates shall continue force and
87 effect until the rates established by the Public Service
88 Commission are finalized and effective.

89 (d) In establishing prospective rates and rate
90 structures for an affiliated system, the Public Service
91 Commission shall consider both the affiliated system and
92 regulated systems' capital expenditures and operating expenses
93 together as a whole to determine a single rate structure and
94 rate amounts for all customers of such combined entity, except
95 to the extent the commission finds adjustments are necessary
96 due to pre-existing obligations or other circumstances unique
97 to a particular area served.

98 Section 3. An affiliated system making an election
99 under Section 2 shall be subject to the fees established by
100 the Public Service Commission for wastewater management
101 entities under Section 22-25B-7, Code of Alabama 1975.

102 Section 4.(a) Nothing in this act shall infringe upon
103 or replace the authority granted to the Jefferson County Board
104 of Health pursuant to Act No. 659 (1978).

105 (b) This act shall not apply in any county that has a
106 local constitutional amendment authorizing the regulation of
107 wastewater utilities, except to the extent this act would be
108 permitted under such constitutional amendment.

109 (c) Except as specifically provided, this act is
110 supplemental to all other laws and administrative rules and is
111 not intended to repeal or replace any existing statute except
112 to the extent that there is a direct conflict. In such case,



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113 this act shall control.

114 Section 5. This act shall become effective on October

115 1, 2025.