HOUSE BILL NO. 209

AN ACT TO AMEND SECTIONS 21-27-17, 21-27-23 AND 21-27-39, MISSISSIPPI CODE OF 1972, TO LIMIT THE RATES THAT A MUNICIPAL UTILITY MAY CHARGE WITHIN ONE MILE OF THE MUNICIPALITY'S CORPORATE LIMITS TO THE AMOUNT AUTHORIZED BY THE PUBLIC SERVICE COMMISSION FOR SUCH MUNICIPAL UTILITY SERVICE MORE THAN ONE MILE BEYOND THE CORPORATE BOUNDARIES; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Section 21-27-17, Mississippi Code of 1972, is amended as follows:

21-27-17. The commission provided for by Section 21-27-13 is authorized to make such bylaws for the holding and conduct of its meetings and such other regulations as it may deem necessary for the safe, economic and efficient management and protection of the system or systems, and such bylaws and regulations shall have the same validity as an ordinance duly passed by the governing authorities of any municipality.

It is authorized to elect such officers and appoint such employees as may be necessary to operate the system or systems efficiently, and it shall have the entire control and management of such system or systems, together with all property connected or appertaining in any manner to such system or systems. The commission shall have the authority to employ a superintendent or manager of the systems, who shall have actual charge of the management and operation thereof and of the enforcement and execution of all the rules, regulations, programs, plans and decisions made and adopted by the commission in making purchases for materials and supplies to be used in the operation of the systems. In addition to any other purchasing authority granted by law, the commission may purchase electric transmission line
materials, electric distribution system substation equipment, transformer equipment, and all other appliances, apparatus, machinery, equipment and appurtenances necessary for the sale of electricity, such as utility vehicles and fencing, from the surplus inventory of the Tennessee Valley Authority or any other similar agency of the federal government and electric power associations. These purchases shall be exempt from the public bid requirements prescribed in Sections 31-7-12 and 31-7-13. However, for all other purchases, the commission shall advertise for competitive bids in the manner and form as is required in accordance with Section 31-7-13. The superintendent or manager shall make and keep full and proper books and records of all purchases and shall submit them to the commission for its approval and ratification before payment thereof is authorized to be made. The commission may authorize the superintendent or manager to immediately refund to a customer of the municipally owned utility his or her deposit for municipal utility services after the superintendent or manager has determined that payment for all services and any other obligations which the customer may have incurred in regard to the municipal utility has been made. It shall have the right to fix the salaries and term of office of all employees and to direct them in the discharge of their duties. It shall have the right to require good and sufficient bonds from all officers and employees in such amounts as it may deem proper. It shall have the right to discharge employees when found inefficient or for other good cause. It shall have the power to make and collect rates for services and facilities; however, the rates established for such services and facilities for consumers within one (1) mile of the corporate boundaries of the municipality may not exceed the rates authorized by the Public Service Commission for such utility services provided by the municipality more than one (1) mile beyond the corporate boundaries of the municipality.
improvements of such systems. It is authorized to borrow from the Mississippi Development Bank in order to fund advance purchases of energy for gas producing, generating, transmission or distribution system or its electric generating, transmission or distribution system. It is authorized to insure all property used in the operation of such systems, including buildings, furniture, books and records, against loss by fire and tornado, and to carry sufficient amount of employers liability, steam boiler, plate glass and other miscellaneous casualty insurance, as in the discretion of the commission may be deemed proper, and to pay premiums therefor out of the funds derived from the operation of the systems. It shall report quarterly to the governing authorities of the municipality of all its doings and transactions of every kind whatsoever and shall make a complete statement of the financial condition of the systems at the end of each quarter, and shall annually make a detailed statement covering the entire management and operation of the systems, with any recommendations which it may have for the further development of the systems. At any time, the commission, by order or resolution, may authorize the expansion of activities of any component facility to include processing of materials on a custom basis or the processing and marketing of materials acquired to fully and efficiently utilize existing plant capacity. It shall also provide copies of all such quarterly and annual reports and statements to the Public Service Commission when so directed under Section 77-3-6.

The commission provided for by Section 21-27-13 is also authorized to allow a municipally owned utility to prepay the utility's bills to those electricity suppliers which offer early payment discounts to the municipally owned utility.

SECTION 2. Section 21-27-23, Mississippi Code of 1972, is amended as follows:

21-27-23. Any municipality may:
(a) Borrow money and issue revenue bonds therefor solely for the purposes specified in this section and by the procedure provided in Sections 21-27-41 through 21-27-69.

Money may be borrowed and bonds issued by any municipality of the State of Mississippi, as defined in Section 21-27-11, to acquire or improve any waterworks system, water supply system, sewerage system, sewage disposal system, garbage disposal system, rubbish disposal system or incinerators, gas producing system, gas generating system, gas transmission system, or gas distribution system, electric generating, transmission or distribution system, railroad transportation system for passengers and freight, or motor vehicle transportation system, including any combination of any or all of those systems into one (1) system, within or without the corporate limits thereof, for the purpose of supplying the municipality and the persons and corporations, both public and private, whether within or without its corporate limits, with the services and facilities afforded by the system, provided that water, electric energy, or gas afforded by any system or systems may be supplied to such ultimate consumers thereof by sale thereof to the owners or operators of a distribution system for resale to the public. Any municipality which shall borrow money and issue revenue bonds to provide funds with which to acquire a gas transmission system, if necessary in order to reach and obtain a source of supply of gas for the municipality, may extend or construct its gas transmission line into an adjoining state, and may use and expend part of the proceeds of such issue of revenue bonds for the purpose.

(b) *** Assume all indebtedness for any system or systems which may be acquired under the provisions of this section as all or part of the consideration for the acquisition of such system or systems and to issue its revenue bonds in exchange for the bonds or notes evidencing the indebtedness.
(c) * * * Acquire or improve any system which it is authorized to borrow money and issue revenue bonds under subsection (a) of this section to acquire or improve; and to make contracts in furtherance thereof or in connection therewith.

(d) * * * Own, operate and maintain any such system or combination of any and all of said systems into one (1) system.

(e) * * * Establish, maintain and collect rates for the facilities and services offered by any such system; however, the rates established for such facilities and services for consumers within one (1) mile of the corporate boundaries of the municipality may not exceed the rates authorized by the Public Service Commission for such utility services provided by the municipality more than one (1) mile beyond the corporate boundaries of the municipality. If there is a combination of systems into one or more systems, the municipality establishing the same shall be and is empowered to establish, maintain and collect rates for any and all of the services or for any combination thereof, and the municipality may discontinue any or all of the services upon any failure to promptly pay the charges fixed for the services. The rates so fixed for services rendered by any system or combination thereof may be charged for all services rendered thereby, regardless of whether the services may have been previously rendered without rates or charges therefor by the previously existing waterworks system, water supply system, sewerage system, sewage disposal system, garbage disposal system, rubbish disposal system or incinerators, gas producing system, gas generating system, gas transmission system, or gas distribution system, electric generating, transmission or distribution system, which shall have been merged into the combined system. Any such municipality may pledge for the payment of any bonds issued to acquire or improve any such combined system, or to refund any bonds previously issued to acquire or improve any such combined system or to acquire or improve any system merged with such
combined system, the revenues to be derived from the operation of
such combined system, including the charges authorized to be
imposed by this section.

A municipality may authorize a municipally owned utility to
make early payment of the utility's bills to its electricity
suppliers which offer early payment discounts to the municipally
owned utility. The municipality may immediately refund to a
customer of the municipally owned utility his or her deposit for
municipal utility services after the municipal utility has
determined that payment for all services and any other obligations
which the customer may have incurred in regard to the municipal
utility has been made.

If the revenues of any previously existing system being
merged into a combined system are subject to a prior lien, the
revenues and the expenses of any previously existing system shall
be accounted for separately to the extent necessary to satisfy the
covenants relating to the prior lien for so long as the
indebtedness secured by the revenues shall remain outstanding.
Only surplus revenues remaining after the satisfaction of all
covenants relating to the outstanding indebtedness may be pledged
to the retirement of any indebtedness to be secured by the
revenues of a combined system. The existence of the outstanding
indebtedness shall not, in and of itself, prevent the combining of
systems as herein provided, so long as the prior lien on the
revenues of any previously existing system is fully satisfied from
the revenues of the previously existing system.

(f) ** Acquire property, real or personal, which may
be necessary to effectuate the powers conferred by this section.
The municipality may purchase electric transmission line
materials, electric distribution system substation equipment,
transformer equipment, and all other appliances, apparatus,
machinery, equipment and appurtenances necessary for the sale of
electricity, such as utility vehicles and fencing, from the
surplus inventory of the Tennessee Valley Authority or any other
similar agency of the federal government and electric power
associations. These purchases by the municipality shall be exempt
from the public bid requirements prescribed in Sections 31-7-12
and 31-7-13. If the power of eminent domain is exercised, it
shall be exercised in the manner provided by Sections 11-27-1
through 11-27-51.

(g) *** Enter into contract with the United States of
America or any agency thereof, under the provisions of acts of the
Congress of the United States, to aid or encourage public works
and the regulations made in pursuance thereof, for the sale of
bonds issued in accordance with the provisions of Sections
21-27-41 through 21-27-69 or for the acceptance of a grant to aid
such municipality in acquiring or improving any such system; and
the contracts may contain terms and conditions as may be agreed
upon by and between the municipality and the United States of
America or any agency thereof, or any purchaser of the bonds.

(h) *** Adopt the ordinances and resolutions and to
do all things and perform all acts necessary, proper or desirable
to effectuate the full intent and purpose of Sections 21-27-11
through 21-27-69, including processing, marketing, custom
processing, sale and resale of materials processed through any
facility under its jurisdiction.

(i) *** Borrow from the Mississippi Development Bank
in order to fund the advance purchase of energy for its gas
producing, generating, transmission or distribution system or its
electric generating, transmission or distribution system.

SECTION 3. Section 21-27-39, Mississippi Code of 1972, is
amended as follows:

21-27-39. All municipalities owning or operating any system
or systems may supply consumers residing outside of and within
five (5) miles of the corporate limits of the municipality. In
any county traversed by two (2) or more natural gas transmission
lines and having therein two (2) or more natural gas compressor
stations engaged in rendering service in interstate commerce, and
wherein a natural gas transmission line of a municipality can be
laid wholly in alluvial soil, where it is necessary for any
municipality having a population of less than one thousand
(1,000), according to the federal census of 1950, to construct a
gas transmission line for a distance of more than five (5) miles
but not more than eleven (11) miles from its corporate limits to
the nearest point at which an adequate supply of natural gas can
be obtained, and where there are not less than two hundred (200)
prospective gas customers residing outside the corporate limits of
such municipality but along and within one-half (1/2) mile of the
gas transmission line so constructed by the municipality, then and
in that event, the municipality may supply natural gas to such
customers. Any municipality having its own natural gas
transmission system in any county bordering the State of Alabama,
in which U.S. Highway No. 78 and State Highway No. 25 intersect,
and in which there is a publicly supported junior college, may
extend its transmission lines and supply customers within the
county for a distance of fifteen (15) miles from the corporate
limits. Any municipality having a population of less than one
thousand (1,000) people, according to the federal census of 1960,
and being located in the county in which U.S. Highway 51 and U.S.
Highway 82 intersect, and in the county where the main line of
Illinois Central Railroad and Columbus and Greenville Railroad
intersect, may construct a gas transmission line and supply
customers within a four-county area for a distance of forty-five
(45) miles from the corporate limits of the municipality. Any
municipality having its own water distribution system, the
construction or expansion of which has been financed in whole or
in part by an agency of the United States government, and having a
population of less than five hundred (500) persons, and located in
a county in which Mississippi State Highways Number 12 and Number

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429 intersect, may construct, expand and operate its water
distribution system within the county or adjoining counties for a
distance of fifteen (15) miles from the corporate limits. Any
municipality having its own water distribution system, the
construction or expansion of which has been financed in whole or
in part by an agency of the United States government, and having a
population of less than fifteen hundred (1500) persons, and
located in a county in which Highway 15 and Highway 32 intersect
and has a national forest, may construct, expand and operate its
water distribution system within the county or adjoining counties
for a distance of fifteen (15) miles from the corporate limits.

Any municipality having its own water distribution system and
located in a county having two (2) judicial districts, and in
which Mississippi Highways 17 and 35 intersect, may construct,
expand and operate its water distribution system within the county
or adjoining counties for a distance of fifteen (15) miles from
the corporate limits. Any municipality having its own water
distribution system, wherein U.S. Highway 51 and Mississippi
Highway 35 intersect, and located in a county in which U.S.
Highway 82 and Mississippi Highway 17 intersect, may construct,
expand and operate its water distribution system within the county
or adjoining counties for a distance of fifteen (15) miles from
the corporate limits.

Whenever such service shall be furnished to any consumer
residing outside the corporate limits thereof, such consumer may
not be charged at a rate greater than twice the rate charged for
such services within the municipality, and any consumer within one
(1) mile of the corporate boundaries of the municipality may not
be charged at a rate greater than the rate authorized by the
Public Service Commission for such services provided by the
municipality more than one (1) mile beyond the corporate
boundaries of the municipality.
Any municipality located within a county bordering the Mississippi River and in which Highways 49 and 61 intersect may acquire, construct, expand and operate its railroad transportation system for the transportation of passengers and freight for more than five (5) miles outside its corporate limits and outside the boundaries of the county in which it is located. Any municipality having a population of more than forty-five thousand (45,000) but less than forty-five thousand one hundred (45,100) according to the 1970 federal decennial census, may expand its motor vehicle transportation system for the transportation of passengers for more than five (5) miles outside its corporate limits.

Any municipality having a population of less than five hundred (500) according to the 1980 federal decennial census, being located north of U.S. Highway 82 in a county in which is located a United States Air Force base and a state-supported institution of higher learning established primarily for women, which criteria the Legislature finds to be conducive to the expansion of natural gas service to support contiguous areas of such Air Force base, may construct, own and/or operate a public utility or natural gas system and supply customers within the county for a distance of eleven (11) miles from the corporate limits.

SECTION 4. This act shall take effect and be in force from and after July 1, 2001.