

By: Representative Ellington

To: Public Utilities

HOUSE BILL NO. 559

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

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

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

11 21-27-17. The commission provided for by Section 21-27-13 is
12 authorized to make such bylaws for the holding and conduct of its
13 meetings and such other regulations as it may deem necessary for
14 the safe, economic and efficient management and protection of the
15 system or systems, and such bylaws and regulations shall have the
16 same validity as an ordinance duly passed by the governing
17 authorities of any municipality.

18 It is authorized to elect such officers and appoint such
19 employees as may be necessary to operate the system or systems
20 efficiently, and it shall have the entire control and management
21 of such system or systems, together with all property connected or
22 appertaining in any manner to such system or systems. The
23 commission shall have the authority to employ a superintendent or
24 manager of the systems, who shall have actual charge of the
25 management and operation thereof and of the enforcement and
26 execution of all the rules, regulations, programs, plans and
27 decisions made and adopted by the commission in making purchases
28 for materials and supplies to be used in the operation of the
29 systems. In addition to any other purchasing authority granted by



30 law, the commission may purchase electric transmission line
31 materials, electric distribution system substation equipment,
32 transformer equipment, and all other appliances, apparatus,
33 machinery, equipment and appurtenances necessary for the sale of
34 electricity, such as utility vehicles and fencing, from the
35 surplus inventory of the Tennessee Valley Authority or any other
36 similar agency of the federal government and electric power
37 associations. These purchases shall be exempt from the public bid
38 requirements prescribed in Sections 31-7-12 and 31-7-13. However,
39 for all other purchases, the commission shall advertise for
40 competitive bids in the manner and form as is required in
41 accordance with Section 31-7-13. The superintendent or manager
42 shall make and keep full and proper books and records of all
43 purchases and shall submit them to the commission for its approval
44 and ratification before payment thereof is authorized to be made.
45 The commission may authorize the superintendent or manager to
46 immediately refund to a customer of the municipally owned utility
47 his or her deposit for municipal utility services after the
48 superintendent or manager has determined that payment for all
49 services and any other obligations which the customer may have
50 incurred in regard to the municipal utility has been made. It
51 shall have the right to fix the salaries and term of office of all
52 employees and to direct them in the discharge of their duties. It
53 shall have the right to require good and sufficient bonds from all
54 officers and employees in such amounts as it may deem proper. It
55 shall have the right to discharge employees when found inefficient
56 or for other good cause. It shall have the power to make and
57 collect rates for services and facilities; however, the rates
58 established for water services and facilities for consumers within
59 one (1) mile of the corporate boundaries of the municipality may
60 not exceed the rates authorized by the Public Service Commission
61 for such water services provided by the municipality more than one
62 (1) mile beyond the corporate boundaries of the municipality. The



63 commission may appropriate funds for the maintenance and
64 improvements of such systems. It is authorized to borrow from the
65 Mississippi Development Bank in order to fund advance purchases of
66 energy for gas producing, generating, transmission or distribution
67 system or its electric generating, transmission or distribution
68 system. It is authorized to insure all property used in the
69 operation of such systems, including buildings, furniture, books
70 and records, against loss by fire and tornado, and to carry
71 sufficient amount of employers liability, steam boiler, plate
72 glass and other miscellaneous casualty insurance, as in the
73 discretion of the commission may be deemed proper, and to pay
74 premiums therefor out of the funds derived from the operation of
75 the systems. It shall report quarterly to the governing
76 authorities of the municipality of all its doings and transactions
77 of every kind whatsoever and shall make a complete statement of
78 the financial condition of the systems at the end of each quarter,
79 and shall annually make a detailed statement covering the entire
80 management and operation of the systems, with any recommendations
81 which it may have for the further development of the systems. At
82 any time, the commission, by order or resolution, may authorize
83 the expansion of activities of any component facility to include
84 processing of materials on a custom basis or the processing and
85 marketing of materials acquired to fully and efficiently utilize
86 existing plant capacity. It shall also provide copies of all such
87 quarterly and annual reports and statements to the Public Service
88 Commission when so directed under Section 77-3-6.

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

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

95 21-27-23. Any municipality may:



96 (a) Borrow money and issue revenue bonds therefor
97 solely for the purposes specified in this section and by the
98 procedure provided in Sections 21-27-41 through 21-27-69.

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

123 (b) * * * Assume all indebtedness for any system or
124 systems which may be acquired under the provisions of this section
125 as all or part of the consideration for the acquisition of such
126 system or systems and to issue its revenue bonds in exchange for
127 the bonds or notes evidencing the indebtedness.



128 (c) * * * Acquire or improve any system which it is
129 authorized to borrow money and issue revenue bonds under
130 subsection (a) of this section to acquire or improve; and to make
131 contracts in furtherance thereof or in connection therewith.

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

134 (e) * * * Establish, maintain and collect rates for the
135 facilities and services offered by any such system; however, the
136 rates established for water facilities and services for consumers
137 within one (1) mile of the corporate boundaries of the
138 municipality may not exceed the rates authorized by the Public
139 Service Commission for such water services provided by the
140 municipality more than one (1) mile beyond the corporate
141 boundaries of the municipality. If there is a combination of
142 systems into one or more systems, the municipality establishing
143 the same shall be and is empowered to establish, maintain and
144 collect rates for any and all of the services or for any
145 combination thereof, and the municipality may discontinue any or
146 all of the services upon any failure to promptly pay the charges
147 fixed for the services. The rates so fixed for services rendered
148 by any system or combination thereof may be charged for all
149 services rendered thereby, regardless of whether the services may
150 have been previously rendered without rates or charges therefor by
151 the previously existing waterworks system, water supply system,
152 sewerage system, sewage disposal system, garbage disposal system,
153 rubbish disposal system or incinerators, gas producing system, gas
154 generating system, gas transmission system, or gas distribution
155 system, electric generating, transmission or distribution system,
156 which shall have been merged into the combined system. Any such
157 municipality may pledge for the payment of any bonds issued to
158 acquire or improve any such combined system, or to refund any
159 bonds previously issued to acquire or improve any such combined
160 system or to acquire or improve any system merged with such



161 combined system, the revenues to be derived from the operation of
162 such combined system, including the charges authorized to be
163 imposed by this section.

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

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

187 (f) * * * Acquire property, real or personal, which may
188 be necessary to effectuate the powers conferred by this section.
189 The municipality may purchase electric transmission line
190 materials, electric distribution system substation equipment,
191 transformer equipment, and all other appliances, apparatus,
192 machinery, equipment and appurtenances necessary for the sale of
193 electricity, such as utility vehicles and fencing, from the



194 surplus inventory of the Tennessee Valley Authority or any other
195 similar agency of the federal government and electric power
196 associations. These purchases by the municipality shall be exempt
197 from the public bid requirements prescribed in Sections 31-7-12
198 and 31-7-13. If the power of eminent domain is exercised, it
199 shall be exercised in the manner provided by Sections 11-27-1
200 through 11-27-51.

201 (g) * * * Enter into contract with the United States of
202 America or any agency thereof, under the provisions of acts of the
203 Congress of the United States, to aid or encourage public works
204 and the regulations made in pursuance thereof, for the sale of
205 bonds issued in accordance with the provisions of Sections
206 21-27-41 through 21-27-69 or for the acceptance of a grant to aid
207 such municipality in acquiring or improving any such system; and
208 the contracts may contain terms and conditions as may be agreed
209 upon by and between the municipality and the United States of
210 America or any agency thereof, or any purchaser of the bonds.

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

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

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

223 21-27-39. All municipalities owning or operating any system
224 or systems may supply consumers residing outside of and within
225 five (5) miles of the corporate limits of the municipality. In
226 any county traversed by two (2) or more natural gas transmission



227 lines and having therein two (2) or more natural gas compressor
228 stations engaged in rendering service in interstate commerce, and
229 wherein a natural gas transmission line of a municipality can be
230 laid wholly in alluvial soil, where it is necessary for any
231 municipality having a population of less than one thousand
232 (1,000), according to the federal census of 1950, to construct a
233 gas transmission line for a distance of more than five (5) miles
234 but not more than eleven (11) miles from its corporate limits to
235 the nearest point at which an adequate supply of natural gas can
236 be obtained, and where there are not less than two hundred (200)
237 prospective gas customers residing outside the corporate limits of
238 such municipality but along and within one-half (1/2) mile of the
239 gas transmission line so constructed by the municipality, then and
240 in that event, the municipality may supply natural gas to such
241 customers. Any municipality having its own natural gas
242 transmission system in any county bordering the State of Alabama,
243 in which U.S. Highway No. 78 and State Highway No. 25 intersect,
244 and in which there is a publicly supported junior college, may
245 extend its transmission lines and supply customers within the
246 county for a distance of fifteen (15) miles from the corporate
247 limits. Any municipality having a population of less than one
248 thousand (1,000) people, according to the federal census of 1960,
249 and being located in the county in which U.S. Highway 51 and U.S.
250 Highway 82 intersect, and in the county where the main line of
251 Illinois Central Railroad and Columbus and Greenville Railroad
252 intersect, may construct a gas transmission line and supply
253 customers within a four-county area for a distance of forty-five
254 (45) miles from the corporate limits of the municipality. Any
255 municipality having its own water distribution system, the
256 construction or expansion of which has been financed in whole or
257 in part by an agency of the United States government, and having a
258 population of less than five hundred (500) persons, and located in
259 a county in which Mississippi State Highways Number 12 and Number



260 429 intersect, may construct, expand and operate its water
261 distribution system within the county or adjoining counties for a
262 distance of fifteen (15) miles from the corporate limits. Any
263 municipality having its own water distribution system, the
264 construction or expansion of which has been financed in whole or
265 in part by an agency of the United States government, and having a
266 population of less than fifteen hundred (1500) persons, and
267 located in a county in which Highway 15 and Highway 32 intersect
268 and has a national forest, may construct, expand and operate its
269 water distribution system within the county or adjoining counties
270 for a distance of fifteen (15) miles from the corporate limits.

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

283 Whenever such service shall be furnished to any consumer
284 residing outside the corporate limits thereof, such consumer may
285 not be charged at a rate greater than twice the rate charged for
286 such services within the municipality. In addition, any consumer
287 provided water services by a municipality within one (1) mile of
288 the corporate boundaries of the municipality may not be charged at
289 a rate greater than the rate authorized by the Public Service
290 Commission for such water services provided by the municipality
291 more than one (1) mile beyond the corporate boundaries of the
292 municipality.



293 Any municipality located within a county bordering the
294 Mississippi River and in which Highways 49 and 61 intersect may
295 acquire, construct, expand and operate its railroad transportation
296 system for the transportation of passengers and freight for more
297 than five (5) miles outside its corporate limits and outside the
298 boundaries of the county in which it is located. Any municipality
299 having a population of more than forty-five thousand (45,000) but
300 less than forty-five thousand one hundred (45,100) according to
301 the 1970 federal decennial census, may expand its motor vehicle
302 transportation system for the transportation of passengers for
303 more than five (5) miles outside its corporate limits.

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

315 **SECTION 4.** This act shall take effect and be in force from
316 and after July 1, 2002.

