

# *Missouri Revised Statutes*

## **Chapter 393**

### **Gas, Electric, Water, Heating and Sewer Companies**

#### **Section 393.016**

August 28, 2007

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#### **Termination of water service for nonpayment of sewer bill, when-- immunity from civil liability--procedure to establish agreement, contents of agreement--exceptions.**

393.016. 1. Notwithstanding any other provision of law, any municipality providing water, or any water district established under chapter 247, RSMo, which in this section shall sometimes be designated as a water provider, shall upon request of any municipality providing sewer service or public sewer district established under chapter 249 or 250, RSMo, or sections 204.250 to 204.470, RSMo, or any sewer district created and organized under constitutional authority, which in this section shall sometimes be designated as a sewer provider, contract with such sewer provider to terminate water services to any water user of such water provider for nonpayment of a delinquent sewer bill owed to such sewer provider.

2. Any water provider, or independent contractor acting for a water provider, acting under a contract with a sewer provider under this section shall be exempt from all civil liability whatsoever arising from or related to termination of water services pursuant to any such contract.

3. In the event that any water provider and any sewer provider are unable to reach an agreement as provided in this section within six months of the receipt of such request by the water provider, then the sewer provider making the written request may file with the circuit court in which such water provider was incorporated, or if such water provider was not incorporated by a circuit court, then with a circuit court having jurisdiction of the water provider, a petition requesting that three commissioners be selected to draft such an agreement.

4. Any agreement drafted by the commissioners or entered into under this section shall contain the following provisions:

(1) The rules and regulations or ordinances of the sewer provider shall provide that the number of days of delinquency required before water service is discontinued for failure to pay for sewage service shall be equal to the number of days of delinquency required

before water service is discontinued for failure to pay for water service under the rules and regulations of the water provider;

(2) The water provider shall not be required to discontinue water service to the sewer user for failure to pay the charges or rental due therefor unless the sewer provider shall first give a written notice to the water provider to do so. Such notice shall include the due date, amount of the delinquent bill, and all penalties and interest thereon. When payment of such amount is received by the sewer provider, upon written notice thereof to the water provider, the water provider shall restore water service to the water and sewer user, provided the water bill of such user owed to the water provider is not delinquent;

(3) The sewer provider shall at all times keep in force a general comprehensive public liability and property damage policy issued by a company authorized to do business in Missouri with policy limits equal to or in excess of those set forth in section 537.610, RSMo, shall include the water provider and any independent contractor who performs such agreement under contract with the water provider thereon as an additional insured, and shall furnish the water provider and such independent contractor a certificate of insurance evidencing such insurance is in effect. If at any time it fails to do so and furnish such certificate of insurance to the water provider and such independent contractor, the water provider and such independent contractor may cease to make water service terminations until such requirement is satisfied;

(4) The agreement shall provide that any loss of revenue incurred by the water provider as a result of discontinuing water service because of the failure of any sewage user to pay the charges or rental therefor shall be paid to the water provider by the sewer provider. Such amounts include, but are not limited to, loss of revenue by the water provider caused by disconnection of water service for a sewer bill delinquency when the water bill is not delinquent;

(5) When a water provider is collecting delinquent amounts for both the water and sewer service, all delinquent payments due to both the water and sewer provider shall be received by the water provider before water service is restored. If for any reason water service is never restored, any amount collected for delinquent accounts due both water and sewer provider shall be divided between the water provider and the sewer provider so that each receives the same percentage of the amount owed to it;

(6) The agreement shall provide that in the event the water provider or any independent contractor who performs such agreement under contract with the water provider incurs attorney fees or other costs not covered by insurance as a result of any claim, litigation, or threatened litigation against the water provider or independent contractor which exceeds the limits of insurance coverage provided to the water provider or independent contractor by the sewer provider as stated in this section, the sewer provider shall reimburse such amounts to the water provider or independent contractor;

(7) The agreement shall contain a provision providing that the expense and cost of the water provider shall be recalculated annually and that the amount due it during the

subsequent year shall be increased or decreased according to any change occurring in the costs and expenses; alternatively, upon agreement of the parties to the agreement, the agreement may provide for annual increases or decreases based upon the percentage of increase or decrease in the National Consumer Price Index for All Urban Consumers, unadjusted for seasonal variation, as published by the United States Department of Labor for the most recent date prior to the annual anniversary date of the execution of the agreement;

(8) All expense and cost incurred by the water provider in performing or carrying out the agreement shall be reimbursed to the water provider by the sewer provider. The reimbursement shall be made monthly, bimonthly, or quarterly. In determining such expense incurred by the water provider, the commissioners shall consider the following items of expense, whether such items will be incurred by the water provider, at the time the agreement is executed or in the future, and if so, the amount of such expense attributable to such agreement at the time such agreement is executed and in the future:

(a) All personnel expense including, but not limited to, wages and salaries, employment taxes, retirement benefits, employment benefits, health insurance, and workers' compensation insurance;

(b) All expense incurred by payments to independent contractors who perform or carry out the agreement under contract with the water provider;

(c) Equipment expenses;

(d) Computer and computer program expense;

(e) Office space expense;

(f) Insurance expense attributable to the agreement between the water provider and the sewer provider, including the additional insurance expense of any independent contractor who performs or carries out the agreement under contract with such water provider;

(g) All other expense attributable to the agreement between the water and sewer provider;

(9) The agreement shall terminate in twenty years unless a different term is agreed upon by the parties. Upon termination, the parties may agree to an extension thereof, not to exceed an additional twenty years;

(10) If ownership of either the sewer system of the sewer provider or the water system of the water provider is transferred to another entity or person, the agreement shall terminate at the time of the transfer, unless the new owner and remaining owner agree otherwise.

5. Upon the filing of such petition, the sewer provider shall appoint one commissioner. The water provider shall appoint a commissioner within thirty days of the service of the petition upon it. If the water provider fails to appoint a commissioner within such time

period, the court shall appoint a commissioner on behalf of the water provider within forty-five days of service of the petition on the water provider. The two named commissioners shall agree to appoint a third commissioner within thirty days after the appointment of the second commissioner, but in the event that they fail to do so, the court shall appoint a third commissioner within sixty days after the appointment of the second commissioner.

6. The commissioners shall draft an agreement between the water provider and sewer provider meeting the requirements established in this section. Before drafting such agreement, the water provider and sewer provider shall be given an opportunity to present evidence and information pertaining to such agreement at a hearing to be held by the commissioners, of which each party shall receive fifteen days' written notice. The hearing may be continued from time to time by the commissioners. The commissioners shall consider all evidence and information submitted to them and prepare such agreement as provided under this section. The agreement shall be submitted to the court within ninety days of the selection or appointment of the last commissioner as provided under this section.

7. If the court finds that the agreement is fair, reasonable, and meets the requirements of this section, then the court shall enter its judgment approving the agreement and order it to become effective sixty days after the date of such judgment. If the court finds such agreement is not fair and reasonable or does not meet the requirements of this section, the court shall return it to the commissioners with its reasons for rejecting the agreement. The commissioners shall make the required changes and resubmit the agreement to the court. Upon approval of the agreement by the court, judgment shall be entered approving the agreement and ordering it to become effective sixty days after the date of such judgment. Thereafter, the parties shall abide by such agreement. If either party fails to do so, the other party may file an action to compel compliance. Venue shall be in the court issuing such judgment.

8. The judgment and order of the court shall be subject to appeal as provided by law. All costs, including commissioners' compensation, shall be taxed to and paid by the sewer provider requesting an agreement. The court shall determine and order payment of fees of expert witnesses of the water provider by the sewer provider to the water provider.

9. The provisions of this section shall not apply to any city not within a county or any county with a charter form of government and with more than one million inhabitants.