

Regular Session, 2014

HOUSE BILL NO. 1236

BY REPRESENTATIVE MONTOUCET

UTILITIES: Provides relative to nonprofit water utility cooperatives and corporations wholly owned by water users

1 AN ACT

2 To enact R.S. 45:1176.1, relative to nonprofit water utility cooperatives or corporations  
3 wholly owned by water user members; to require the Public Service Commission to  
4 develop a system by which nonprofit water systems can request rate increases; to  
5 provide a procedure for approval of rate changes; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 45:1176.1 is hereby enacted to read as follows:

8 §1176.1. Nonprofit water utility cooperative or corporation; process to request rate  
9 changes; directive to Public Service Commission

10 A. The Public Service Commission shall develop a streamlined review  
11 process whereby a nonprofit water utility cooperative or corporation wholly owned  
12 by water user members may request and receive an increase in rates by submitting  
13 an application.

14 B. The application to the Public Service Commission shall contain the  
15 following:

16 (1) A list of the existing and proposed rates by customer class, including but  
17 not limited to residential, commercial, or industrial class.

18 (2) An applicant fee by check or money order.

1           (3) Proof of publication in the official journal for the parish in which the  
2           nonprofit water utility cooperative or corporation wholly owned by water user  
3           members is located.

4           (4) A rate study conducted by the Louisiana Rural Water Association  
5           justifying the need for an increase in rates.

6           (5) Documentation providing evidence of board and member approval of the  
7           change in rates as outlined in this Paragraph:

8           (a) The board of directors of any nonprofit water utility cooperative or  
9           corporation wholly owned by water user members shall conduct a meeting of the  
10          board to discuss evidence of a need for a rate change and shall provide all directors  
11          with an opportunity to participate. If, by a majority vote of the board of directors,  
12          the board agrees that a change in rates is needed, the board shall conduct an election  
13          of the water user members to request approval of the rate change.

14          (b) Written notice by mail shall be given to all water user members sixty  
15          days prior to an election. The notice may be included in a billing notice, but shall  
16          be a separate and prominent document. The notice shall contain a brief explanation  
17          of the reasons for the rate change increase and inform the water user members of the  
18          availability of a complete, written explanation of the reasons for the rate change.  
19          Such written explanation shall be available for examination by any water user  
20          member or his representative at all cooperative or corporation offices during regular  
21          business hours at least sixty days prior to the election.

22          (c)(I) Sixty days after notification to the water user members, an election to  
23          determine approval of a change in rates shall be conducted. The election may be by  
24          mail ballot sent to each water user member or may be conducted by written ballot  
25          during a public hearing in a meeting of the water user members. No rate change  
26          shall be allowed without the approval of a majority of the water user members.

27          (ii) If a mail ballot is conducted, a written ballot may be included in a billing  
28          notice, but shall be a separate and prominent document. The ballot shall contain a  
29          brief explanation of the reasons for the rate change, the amount of the requested rate

1 change, and any other information the board deems necessary, including a deadline  
2 for ballot return. Ballots shall be collected and counted at the cooperative or  
3 corporation office.

4 (iii) If the election is conducted during a meeting of the water user members,  
5 written ballots shall be collected and counted at the meeting.

6 (iv) Affirmative approval by a majority vote of the water user members shall  
7 be required to change the rates.

8 (v) All costs of the election shall be paid by the cooperative or corporation.

9 (6) An agreement that if the board of directors fails to implement the  
10 approved rate change within sixty days after the ballots are tabulated, the election is  
11 void and a new election shall be held prior to a change in rates.

12 C. The Public Service Commission shall require commission staff to review  
13 each application received pursuant to the review process required by this Section  
14 and, following review, the application shall be submitted to the Public Service  
15 Commission for approval.

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Montoucet

HB No. 1236

**Abstract:** Directs the Public Service Commission to develop a streamlined review process whereby a nonprofit water utility cooperative or corporation wholly owned by water user members may request and receive an increase in rates by submitting an application.

Present law (constitution) provides for the regulation of public utilities by the Public Service Commission.

Proposed law directs the Public Service Commission to develop a streamlined review process whereby a nonprofit water utility cooperative or corporation wholly owned by water user members may request and receive an increase in rates by submitting an application.

Proposed law requires the application to the Public Service Commission to contain a list of the existing and proposed rates by customer class, including but not limited to residential, commercial, or industrial class, an applicant fee by check or money order, proof of publication in the official journal for the parish in which the nonprofit water utility cooperative or corporation wholly owned by water user members is located, a rate study conducted by the Louisiana Rural Water Association justifying the need for an increase in

rates, and documentation providing evidence of board and member approval of the change in rates.

Proposed law provides for a process by which a nonprofit water utility cooperative or corporation wholly owned by water user members shall conduct the approval of the change in rates which is required to be documented in the application to the Public Service Commission.

(Adds R.S. 45:1176.1)