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## DIGEST

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HB 729 Reengrossed

2016 Regular Session

Montoucet

**Abstract:** Regulates the initial assessment and subsequent changes in the rates charged by water cooperatives for water usage

Proposed law provides for definitions.

Proposed law provides that any request for a change to the rate structure of a water cooperative that receives financing from the United State Dept. of Agriculture ("U.S.D.A.") shall be granted when all of the following requirements are satisfied:

- (1) A rate assessment or study has been conducted by a qualified third party.
- (2) A majority vote of the board of directors of a water cooperative has been conducted in accordance with the bylaws of the water cooperative and approves the proposed rate structure.
- (3) Final approval of the U.S.D.A. has been granted.

Proposed law provides that any request for a change to the rate structure of a water cooperative that receives financing from the Louisiana Department of Health and Hospitals ("D.H.H.") shall be granted when all of the following requirements are satisfied:

- (1) A rate assessment or study has been conducted by a qualified third party.
- (2) A majority vote of the board of directors of a water cooperative has been conducted in accordance with the bylaws of the water cooperative and approves the proposed rate structure.
- (3) Final approval of D.H.H. has been granted.

Proposed law provides that any request for a change to the rate structure of a water cooperative that receives no financing from a lending entity or that receives financing and the lending entity is neither the U.S.D.A. nor D.H.H. shall be granted when all of the following requirements are satisfied:

- (1) A rate assessment or study has been conducted by the Louisiana Rural Water Association ("LRWA").
- (2) The rate assessment or study conducted by the LRWA has been approved by the legislative auditor.

(3) A majority vote of the board of directors of a water cooperative has been conducted in accordance with the bylaws of the water cooperative and approves the proposed rate structure.

Proposed law provides that any request for a change to the rate structure of a water cooperative that receives financing from multiple lending entities shall be granted when the water cooperative obtains approval in accordance with one of the applicable provisions of proposed law.

Proposed law provides that the provisions of proposed law apply only to water cooperatives that were eligible to receive financing from the U.S.D.A. prior to January 1, 2011.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 45:1601-1603)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the original bill:

1. Make technical changes.
2. Remove the provisions of the bill requiring a board of a water cooperative to conduct an election of its water user members when the board requests approval of a rate change.
3. Require that any rate change be made only after the board conducts a vote in accordance with the procedures required by the bylaws of the water cooperative and when that vote is approved by a majority of the board.

The House Floor Amendments to the engrossed bill:

1. Delete the provisions of proposed law relative to authorizing LRWA to perform all water usage rate assessments for water cooperatives, regulating rate change voting procedures, establishing time restraints for rate change voting, allowing for emergency exception procedures, and providing for special effectiveness tied to a constitutional amendment.
2. Provide for definitions.
3. Provide for and regulate the process by which requests for a change to the rate structure of a water cooperative are granted in particular circumstances.
4. Clarify that the provisions of proposed law apply only to water cooperatives that were eligible to receive financing from the U.S.D.A. prior to January 1, 2011.

5. Make the provisions of proposed law effective upon signature of governor or lapse of time for gubernatorial action.