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## DIGEST

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HB 729 Engrossed

2016 Regular Session

Montoucet

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

Proposed law defines "water cooperatives" for the purposes of proposed law in order to provide for clarification.

Proposed law requires water cooperatives to request the Louisiana Rural Water Assoc. (LRWA) to perform an assessment for the purpose of establishing the initial rate at which the water cooperative may charge its water user members for water usage.

Proposed law requires any assessment performed by the LRWA, for the purpose of establishing the initial rate at which its members should be charged for water usage, shall be conducted during a public meeting. Proposed law requires the results of the assessment to be verified by the legislative auditor.

Proposed law requires written notice of the public meeting described in proposed law and further requires the notice be sent by certified mail, at a reasonable time prior to the meeting, to all water user members. The written notice shall include, at a minimum, a clear and concise statement regarding the purpose of the meeting, the address where the meeting shall take place, the date, and the time of the meeting.

Proposed law requires the board of directors of a water cooperative to conduct a vote in accordance with the procedures required by the water cooperative's bylaws.

Proposed law requires the board to provide all directors an opportunity to attend any meeting that is held for the purpose of considering evidence of the need for a rate change. Proposed law allows the board to make a rate change only when it agrees by a majority vote that a change in the existing rate is necessary and when that majority vote is conducted in accordance with the procedures required by the water cooperative's bylaws.

Proposed law requires written notice be sent by mail to all water user members at least 30 days prior to a rate change vote. Proposed law allows the notice to be included in a billing notice; however, proposed law requires the notice to be a separate and prominent document that must include an explanation of the reasons for a rate change, a statement of the amount of the rate change, and a statement informing the water user members of the availability of a complete and written explanation of the reasons for rate change at the office of the water cooperative. Proposed law requires the water

cooperative to post that complete explanation at least 30 days prior to the vote and make it available for all water user members or their representative during regular business hours.

Proposed law requires the vote to be conducted neither earlier than 30 days nor later than 60 days from the date of the mailing of the notice to the water user members.

Proposed law requires that, when a rate change is approved by a vote conducted pursuant to proposed law, the rate change shall be implemented by the board within 90 days of the results of the vote. When the board fails to implement the rate change within 90 days, the vote is deemed void, and a new vote subject to the provisions of proposed law shall be held prior to any rate change.

Proposed law requires 3 years to intervene between rate change votes. Proposed law provides for an exception to that time restriction by allowing the board to declare, by majority vote, that an emergency exists that necessitates a rate change before those 3 years have passed since the previous vote. Proposed law requires that any emergency rate change vote shall be conducted subject to the provisions of proposed law.

Effective if and when the proposed amendment of Article IV, Section 21(C) of the Constitution of Louisiana contained in the Act which originated as House Bill No. 154 of this 2016 Regular Session of the Legislature is adopted at a statewide election and becomes effective.

(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.