

2016 Regular Session

HOUSE BILL NO. 729

BY REPRESENTATIVE MONTOUCET

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

1 AN ACT

2 To enact Chapter 13 of Title 45 of the Louisiana Revised Statutes of 1950, to be comprised  
3 of R.S. 45:1601 through 1603, relative to nonprofit water utility cooperatives; to  
4 provide for definitions; to regulate rate change procedures; to provide for  
5 applicability; to provide for effectiveness; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. Chapter 13 of Title 45 of the Louisiana Revised Statutes of 1950,  
8 comprised of R.S. 45:1601 through 1603, is hereby enacted to read as follows:

9 CHAPTER 13. WATER

10 §1601. Definitions

11 As used in this Chapter, the following terms and phrases have the meanings  
12 hereinafter ascribed to them:

13 (1) "Department" means the Louisiana Department of Health and Hospitals.

14 (2) "Lending entity" means the governmental or financial entity providing  
15 financing to a water cooperative.

16 (3) "U.S.D.A." means the United States Department of Agriculture.

17 (4) "Water cooperative" means any nonprofit water utility cooperative or  
18 corporation that is wholly owned by water user members and eligible to receive  
19 financing from a lending entity.

1       §1602. Water cooperative rate change; regulation

2               A. Any request for a change to the rate structure of a water cooperative that  
3       receives financing from the U.S.D.A. shall be granted when all of the following  
4       requirements are satisfied:

5               (1) A rate assessment or study has been conducted by a qualified third party.

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

9               (3) Final approval of the U.S.D.A. has been granted.

10              B. Any request for a change to the rate structure of a water cooperative that  
11       receives financing from the department shall be granted when all of the following  
12       requirements are satisfied:

13              (1) A rate assessment or study has been conducted by a qualified third party.

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

17              (3) Final approval of the department has been granted.

18              C. Any request for a change to the rate structure of a water cooperative that  
19       receives no financing from a lending entity or that receives financing and the lending  
20       entity is neither the U.S.D.A. nor the department shall be granted when all of the  
21       following requirements are satisfied:

22              (1) A rate assessment or study has been conducted by the Louisiana Rural  
23       Water Association.

24              (2) The rate assessment or study conducted by the Louisiana Rural Water  
25       Association has been approved by the legislative auditor.

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

1           D. Any request for a change to the rate structure of a water cooperative that  
2           receives financing from multiple lending entities shall be granted when the water  
3           cooperative obtains approval in accordance with one of the applicable Subsections  
4           of this Section.

5           §1603. Applicability

6           The provisions of this Chapter apply only to water cooperatives that were  
7           eligible to receive financing from the U.S.D.A. prior to January 1, 2011.

8           Section 2. This Act shall become effective upon signature by the governor or, if not  
9 signed by the governor, upon expiration of the time for bills to become law without signature  
10 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
11 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
12 effective on the day following such 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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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.