



SB18-134

SHORT TITLE: Public Utilities Commission Deregulate Nonprofit Water Utilities

LONG TITLE: Concerning the exemption of nonprofit water companies from regulation by the public utilities commission.

SPONSORS: Sen. Cooke and Rep. Arndt

PURPOSE OF THE BILL: To remove regulatory oversight of nonprofit water providers by the Public Utilities Commission. The PUC retains the ability to resolve complaints filed by designated municipal officials, the CEO of the water utility, or 25 or more customers or prospective customers.

PROPONENTS OF THE BILL: The PUC

POTENTIAL STAKEHOLDERS: Nonprofit water providers

BACKGROUND: This bill was discussed briefly during the PUC Smart Act hearing before the Joint Transportation and Energy committee. The rates of water corporations (like other public utilities) are regulated by the PUC to assure they are just and reasonable. Currently, statutes allow the PUC to provide a simplified procedure for small privately-owned water companies that serve fewer than 1500 people. The PUC has found that these companies rarely ever come before the PUC (and indeed may not be aware of the PUC's role) unless there is a complaint. At that time, retention of counsel and the regulatory process becomes very expensive for the small water company and its customers because there are few customers over which to spread the costs. The PUC believes that these small, nonprofit water providers are functioning more like cooperatives and should be allowed to handle their own rate issues.

Is this bill necessary this year (is there a specific deadline to be met)? No.

How does the bill change current law? It removes regulatory jurisdiction by the PUC over nonprofit water providers serving fewer than 1500 customers. The PUC must hear a complaint brought by certain elected officials, a majority of the local governing body, or the lesser of at least 25 current or prospective customers or 25% of current customers of the water company complained of.

Does the bill affect the prior appropriations system? No.

How is the bill implemented? The bill is self-executing. That is, it does not require additional legislation or regulation to implement. The small, nonprofit water providers may need to develop a process for proposing and approving rate changes outside the PUC structure as well as handling complaints.

Practical considerations: Affected water utilities will need to develop a rate approval process and system for handling complaints, and provide notification to their customers regarding how to use the new system.

Fiscal Impact: None identified.

