

State of Arkansas  
94th General Assembly  
Regular Session, 2023

As Engrossed: H3/13/23

# A Bill

HOUSE BILL 1515

By: Representative Maddox

By: Senator Rice

## For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING RETAIL WATER PROVIDERS AND RELATED SERVICE; AND FOR OTHER PURPOSES.

### Subtitle

TO AMEND THE LAW CONCERNING RETAIL WATER PROVIDERS AND RELATED SERVICE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 14-234-802(c), concerning the schedule that a provider is required to use to obtain a rate study and the rate changes following a rate study, is amended to read as follows:

(c)(1) A provider shall obtain a rate study on the following schedule:

(A) By July 1, 2024, and every five (5) years thereafter for a provider that serves five hundred (500) or fewer customers;

(B) By July 1, 2025, and every five (5) years thereafter for a provider that serves five hundred one (501) to one thousand (1,000) customers; and

(C) By July 1, 2026, and every five (5) years thereafter for a provider that serves more than one thousand (1,000) customers.

(2)(A) Rates and other revenue dedicated to the support of the provider's water system shall adequately address costs for:

(i) Operation and maintenance;

(ii) Debt service;

(iii) Required reserves;



- (iv) Depreciation;
- (v) Future capital expenses;
- (vi) ~~A~~ Preparation of an annual audit or agreed-upon procedures and compilation report as required by law; and
- (vii) Other expenses as necessary.

(B)(i) The rates recommended in the rate study that is obtained and chosen by the provider shall be implemented by the provider in the manner provided under the applicable law for modifying rates.

(ii) Except as provided in subdivision (c)(2)(B)(iii) of this section, an increase in rates recommended in the rate study shall be implemented within one (1) year of the receipt of the rate study.

(iii) If recommended rates increase the provider's rates by fifty percent (50%) or more from the fiscal year before the rate study was completed, the provider may phase in the rate increase over a two-year period.

(iv) If through the rate study it is recommended that a series of rate increases be implemented over a period of time that exceeds the periods of time required in subdivision (c)(2)(B)(ii) and (iii) of this section, the provider may implement the series of rate increases without regard to the limitations of subdivisions (c)(2)(B)(ii) and (iii) of this section, provided that the series of rate increases conform with the recommendations of the rate study.

SECTION 2. Arkansas Code § 14-234-802(e), concerning the deposit of gross revenues required by a provider, is amended to read as follows:

(e)(1) A Each provider shall deposit a minimum of five percent (5%) per annum of gross revenues in a dedicated refurbishment and replacement account ~~within twelve (12) months of implementation of the rate, unless a different amount is determined by a rate study.~~

(2) The provider may spend any amount of the provider's cash savings referenced in subdivision (e)(1) of this section at any time for refurbishment and replacement of the provider's water system facilities and other real property.

(3) If a different amount is determined by a rate study, then the amount determined by the rate study shall be deposited into a dedicated refurbishment and replacement account.

SECTION 3. Arkansas Code § 14-234-802(h), concerning the requirement for a provider to obtain a rate study or amend a rate study before beginning a major development project, is repealed.

~~(h)(1) A provider that plans to undertake a major development project shall obtain a rate study or amend the provider's existing rate study before beginning the major development project to include consideration of the financial impact of the major development project on the fiscal sustainability of the provider.~~

~~(2) As used in this subsection, "major development project" means a project that exceeds twenty percent (20%) of gross revenues of the provider for the immediately preceding fiscal year.~~

SECTION 4. Arkansas Code § 14-234-805(a)(1)(B), concerning the training required for members of a provider board, is amended to read as follows:

(B) A member of a provider board ~~as of January 1, 2021,~~ shall receive the training required under this section by the later of the member's first anniversary of service or December 31, 2022 2023.

SECTION 5. Arkansas Code § 14-234-807 is amended to read as follows:  
14-234-807. Applicability.

This subchapter does not apply to:

(1) A water system regulated by the Arkansas Public Service Commission as a public utility under § 23-1-101;

(2) A municipal utility system owned or operated by a municipality that provides electric service to retail customers in addition to water service, including an electric system:

(A) Managed or operated by a nonprofit corporation under § 14-199-701 et seq.; or

(B) Owned or operated by a municipality or by a consolidated utility district under the General Consolidated Public Utility System Improvement District Law, § 14-217-101 et seq.;

(3) A privately owned provider that supplies the majority of its retail water service to nonresidential customers; ~~or~~

(4) A water system operated jointly between two (2)

municipalities in which each municipality is located in a different state; or  
(5) A provider during the time that the provider is subject to a  
federal court decree or judgment for remediation efforts related to the  
provider's water system, wastewater system, or water and wastewater systems  
for the purpose of compliance with federal law.

*/s/Maddox*

**APPROVED: 4/11/23**