

1 State of Arkansas  
2 94th General Assembly  
3 Regular Session, 2023  
4

# A Bill

HOUSE BILL 1515

5 By: Representative Maddox  
6

## For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW CONCERNING RETAIL WATER  
9 PROVIDERS AND RELATED SERVICE; AND FOR OTHER  
10 PURPOSES.  
11  
12

## Subtitle

13 TO AMEND THE LAW CONCERNING RETAIL WATER  
14 PROVIDERS AND RELATED SERVICE.  
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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20 SECTION 1. Arkansas Code § 14-234-802(c), concerning the schedule that  
21 a provider is required to use to obtain a rate study and the rate changes  
22 following a rate study, is amended to read as follows:

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

24 (A) By July 1, ~~2024~~ 2025, and every five (5) years  
25 thereafter for a provider that serves five hundred (500) or fewer customers;

26 (B) By July 1, ~~2025~~ 2026, and every five (5) years  
27 thereafter for a provider that serves five hundred one (501) to one thousand  
28 (1,000) customers; and

29 (C) By July 1, ~~2026~~ 2027, and every five (5) years  
30 thereafter for a provider that serves more than one thousand (1,000)  
31 customers.

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

34 (i) Operation and maintenance;

35 (ii) Debt service;

36 (iii) Required reserves;



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

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

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

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

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

23  
 24 SECTION 2. Arkansas Code § 14-234-802(e), concerning the deposit of  
 25 gross revenues required by a provider, is amended to read as follows:

26 (e)(1) A Each provider shall deposit a minimum of five percent (5%)  
 27 per annum of gross revenues in a dedicated refurbishment and replacement  
 28 account ~~within~~ beginning no later than twelve (12) months ~~of~~ following the  
 29 implementation of the rate or rates required or recommended as a result of  
 30 the provider's first rate study, unless a different amount is determined ~~by a~~  
 31 under the rate study.

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

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

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

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

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

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

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 20 SECTION 5. Arkansas Code § 14-234-807 is amended to read as follows:  
 21 14-234-807. Applicability.

22 This subchapter does not apply to:

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

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

28 (A) Managed or operated by a nonprofit corporation under §  
 29 14-199-701 et seq.; or

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

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

35 (4) A water system operated jointly between two (2)  
 36 municipalities in which each municipality is located in a different state; or

1                   (5) A provider during the time that the provider is subject to a  
2 federal court decree or judgment for remediation efforts for the purpose of  
3 compliance with federal law.

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