



MEMORANDUM

DATE: January 26, 2011
RE: LC 1432

This legislation generally revises water and sewer laws, and seeks to clarify that the Public Service Commission ("PSC") does not have oversight over the regulation of municipal water and sewer systems.

- Section 1 allows a water and sewer district board to determine board members' salary, if any, by resolution or ordinance. Montana Rural Water Systems suggested this provision to give water and sewer district boards more flexibility in setting salaries.
- Section 2 defines "vacancy" on a board of directors of water and sewer districts. This allows directors to be removed for neglect of duty, among other things.
- Section 3 reduces confusion about the authority of the PSC to regulate municipal water and sewer systems.
- Section 4 describes procedures for filling vacancy on water and sewer district boards of directors and incorporates Section 2, above, by reference.
- Section 5 removes a reference to a confusing deadline for delivering a copy of a resolution creating a water or sewer district assessment to the county clerk.
- Section 6 deletes a reference to PSC approval of municipal rates when municipal water or sewer services are furnished outside of municipality. This reference is deleted to clarify that the PSC does not have oversight over the regulation of municipal water and sewer systems.
- Section 7 exempts "municipal sewer or water systems and municipal water supply systems" from the definition of "public utility" regulated by the PSC. This exemption clarifies that the PSC does not have oversight over the regulation of municipal water and sewer systems.
- Section 8 adds "municipal sewer or water systems and municipal water supply systems" to the definition of "public utility" for purposes of local regulation of subdivisions. This buttresses the notion that, in regulating subdivisions, local governments can require subdivisions to use municipal sewer or water systems and municipal water supply systems.
- Section 9 repeals previous compensation of board members statute (which is replaced by Section 1 above). Section 9 also repeals a statute providing a procedure to challenge municipal utility rates with the PSC and repeals a statute providing that the role of the PSC is unaffected by anything in Title 7, chapter 13, part 43 (which deals with municipal

sewer and water systems). These statutes are repealed to clarify that the PSC does not have oversight over the regulation of municipal water and sewer systems.

- Section 10 codifies the new sections as part of Title 7, chapter 13, part 22.
- Section 11 allows for severability of any invalid part of the act.