

SENATE BILL NO. 103

INTRODUCED BY R. WEBB

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A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING PROCEDURES AND OVERSIGHT OF CERTAIN MUNICIPAL UTILITY RATES; PROVIDING FOR THE REGULATION OF CERTAIN MUNICIPAL UTILITY RATES BY THE PUBLIC SERVICE COMMISSION; ESTABLISHING MAXIMUM INCREASES ALLOWED IN RATES; REQUIRING APPLICATION TO THE PUBLIC SERVICE COMMISSION FOR CERTAIN INCREASES IN RATES; AMENDING SECTIONS 7-13-4304, 7-13-4307, 7-13-4308, AND 69-7-101, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Rate increase over maximum -- limitation.** (1) Except as provided in subsection (2), a municipal utility that serves more than 50,000 customers shall apply to the commission for increases or changes in rates or classifications.

(2) A municipal utility that serves more than 50,000 customers is not required to apply to the commission for an increase or change if the rates, fees, changes, or charges imposed by a municipality are the result of the establishment of or a change in rates, fees, or charges imposed by a regional authority of which the municipality is a customer.

**Section 2.** Section 7-13-4304, MCA, is amended to read:

**"7-13-4304. Authority to charge for services.** (1) The In accordance with Title 69, chapter 7, when applicable, the governing body of a municipality operating a municipal water or sewer system shall fix and establish, by ordinance or resolution, and collect rates, rentals, and charges for the services, facilities, and benefits directly or indirectly afforded by the system, taking into account services provided and benefits received.

(2) Sewer charges may take into consideration the quantity of sewage produced and its concentration and water pollution qualities in general and the cost of disposal of sewage and storm waters. The charges may be fixed on the basis of water consumption or any other equitable basis the governing body considers appropriate. The rates for charges may be fixed in advance or otherwise and shall be uniform for like services in all parts of the municipality. If the governing body determines that the sewage treatment or storm water disposal

1 prevents pollution of sources of water supply, the sewer charges may be established as a surcharge on the water  
 2 bills of water consumers or on any other equitable basis of measuring the use and benefits of the facilities and  
 3 services.

4 (3) An original charge for the connecting sewerline between the lot line and the sewer main may be  
 5 assessed when the connecting sewerline is installed.

6 (4) The water and sewer rates, charges, or rentals shall be as nearly as possible equitable in proportion  
 7 to the services and benefits rendered."

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9 **Section 3.** Section 7-13-4307, MCA, is amended to read:

10 **"7-13-4307. Establishment of amount of charges.** ~~The~~ In accordance with Title 69, chapter 7, when  
 11 applicable, the rates and charges established for the services and facilities afforded by this system must be  
 12 sufficient in each year to provide income and revenue adequate for the:

- 13 (1) payment of the reasonable expense of operation and maintenance;  
 14 (2) payment of the sums required to be paid into the sinking fund;  
 15 (3) accumulation of reserves;  
 16 (4) payment of rates, fees, and charges levied by a regional authority established pursuant to Title 75,  
 17 chapter 6, part 3; and  
 18 (5) payment of expenditures for depreciation and replacement of the system as determined necessary  
 19 by the governing body or as covenanted in the ordinances and resolutions authorizing the outstanding bonds."

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21 **Section 4.** Section 7-13-4308, MCA, is amended to read:

22 **"7-13-4308. Change and readjustment of charges.** ~~The~~ In accordance with Title 69, chapter 7, when  
 23 applicable, the governing body ~~shall have the right to~~ may change and readjust from time to time ~~the~~ rates and  
 24 charges ~~so fixed and established,~~ provided the aggregate of ~~such~~ the rates and charges ~~shall always be~~ is  
 25 sufficient to meet the requirements mentioned in 7-13-4307."

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27 **Section 5.** Section 69-7-101, MCA, is amended to read:

28 **"69-7-101. Municipal utilities -- regulation by municipality.** (1) ~~A~~ Except as provided in [section 1],  
 29 a municipality has the power and authority to regulate, establish, and change, as it considers proper, rates,  
 30 charges, and classifications imposed for utility services to its inhabitants and other persons served by municipal

1 utility systems.

2 (2) Rates, charges, and classifications must be reasonable and just, and must be in compliance with  
3 [section 1], when applicable."

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5 NEW SECTION. Section 6. Codification instruction. [Section 1] is intended to be codified as an  
6 integral part of Title 69, chapter 7, part 1, and the provisions of Title 69, chapter 7, part 1, apply to [section 1].

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8 NEW SECTION. Section 7. Saving clause. [This act] does not affect rights and duties that matured,  
9 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

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11 NEW SECTION. Section 8. Effective date. [This act] is effective July 1, 2019.

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13 NEW SECTION. Section 9. Applicability. [This act] applies to changes in rates, charges, and  
14 classifications made on or after [the effective date of this act].

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