

STATE OF OKLAHOMA

1st Session of the 50th Legislature (2005)

SENATE BILL 574

By: Lerblance

AS INTRODUCED

An Act relating to cities and towns; amending 11 O.S. 2001, Sections 37-119 and 37-119a, which relate to municipal water sales; providing for certain water contracts to include reasonable profits; providing for inclusion of certain costs for certain purposes; requiring costs to be determined using certain methods; requiring municipalities to implement certain accounting systems to avoid certain liability; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 11 O.S. 2001, Section 37-119, is amended to read as follows:

Section 37-119. A. All contracts for the sale or furnishing of water from a source obtained by or on behalf of a municipality by permit or prior right under state law or by general obligation bonds shall be made in the name of the municipality as provided for by statute or by charter.

B. All such water sold and furnished to persons or public or private entities outside the corporate limits of the municipality shall be sold and furnished upon written contracts which shall provide for an annual review of the municipality's costs and contract modification of rates to permit rates to be increased or decreased to the purchasers as appropriate. Any modification shall be nondiscriminatorily allocated between the municipality's customers and the purchaser. Such rates may include a reasonable profit. Provided, however, that only those direct and allocated indirect costs that are attributable to maintaining the ability of the municipality to ~~provide water service to the purchaser~~ acquire,

supply, maintain, safeguard, treat, distribute, sell and account for water shall be included in ~~purchaser's rates~~ municipality's costs.

The contracts shall provide that the persons or public or private entities outside the corporate limits of the municipality shall be subject to a rationing program consistent with any rationing program ordered by the municipality.

C. The municipality's costs shall be determined on a cash flow basis or an accrual/depreciation basis.

SECTION 2. AMENDATORY 11 O.S. 2001, Section 37-119a, is amended to read as follows:

Section 37-119a. ~~Beginning July 1, 1996, if~~ If a municipality selling water to persons or public or private entities outside its corporate limits has not implemented an ~~enterprise~~ accounting system based on a cash flow or an accrual/depreciation method to account for the cost of water supply, treatment and delivery to the point of delivery to the purchaser's water system, it shall be liable to the purchaser for the reasonable expenses of such an accounting exceeding the expense which the purchaser would have incurred using such an ~~enterprise~~ accounting system.

SECTION 3. This act shall become effective November 1, 2005.

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