

By: Representative Yates

To: Public Utilities

HOUSE BILL NO. 698
(As Sent to Governor)

1 AN ACT TO AMEND SECTIONS 21-27-7 AND 21-27-189, MISSISSIPPI
2 CODE OF 1972, TO ENSURE JUST, REASONABLE AND TRANSPARENT BILLING
3 FOR MUNICIPAL WATER, WASTEWATER, AND SEWER SERVICES; AND FOR
4 RELATED PURPOSES.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

6 **SECTION 1.** Section 21-27-7, Mississippi Code of 1972, is
7 amended as follows:

8 21-27-7. (1) (a) The governing authorities of
9 municipalities shall have the power to erect, purchase, maintain
10 and operate waterworks, and to regulate the same, and to prescribe
11 the rates at which water shall be supplied to the * * * users.
12 The rates at which water, wastewater, and sewer services shall be
13 supplied shall be just and reasonable based on the actual cost to
14 operate and maintain the systems, and rates may not be
15 unreasonably preferential, prejudicial or discriminatory but shall
16 be sufficient, equitable and consistent in application to each
17 class of users. While a municipality may set different rates for
18 different classifications of users, a municipality shall not
19 discriminate in setting rates among members of the same



20 classification. The municipal governing authorities shall make a
21 finding on the minutes of the governing body establishing the rate
22 based on the actual cost to operate and maintain the system. A
23 municipality shall not charge a user a fee for services received
24 which is less than the cost incurred by the municipality to
25 provide such services.

26 (b) The governing authorities of a municipality shall
27 establish and maintain rates and charges in equitable proportion
28 to the use of the services and benefits rendered by the waterworks
29 systems and water treatment facilities serving the municipal area.
30 From time to time the governing authorities shall adjust such
31 rates, to the end that the revenues therefrom will be sufficient
32 at all times to pay the expenses of operating and maintaining such
33 works, facilities and systems and all of the municipality's
34 obligations under any contract or bond resolution with respect
35 thereto. The calculation of a user's bill shall be limited to the
36 actual amount of volumetric usage, plus those fees reasonable and
37 necessary for the cost of capital expenses, system operation and
38 maintenance, and debt service.

39 (c) If a user's meter is tampered with, unreadable, or
40 otherwise out-of-order, a municipality may render an estimated
41 bill to that user for a period not to exceed six (6) months. In
42 such circumstance, an estimated bill shall be based upon the prior
43 average measured usage of the user or a similar user of the same
44 classification.



45 (i) Only in the event a municipality is unable to
46 meet the requirement of billing based solely on volumetric usage,
47 such municipality may bill based on a flat fee rate where such
48 municipality has established flat fee billing as its usual and
49 customary billing practice prior to the passage of this act, and
50 where such municipality is actively billing based upon a flat fee
51 rate as of the passage of this act. In such circumstances, flat
52 fee billing may be utilized until such time as the municipality
53 implements upgrades to its system to provide for
54 volumetric billing. In such circumstance, the municipality may
55 set different flat fee rates for different classifications of
56 users, but the municipality shall not discriminate in setting flat
57 fee rates among members of the same classification, and the
58 municipality shall not charge a user a fee for services received
59 that is less than the cost incurred by the municipality to provide
60 such services.

61 (ii) The governing authorities of the municipality
62 shall make a finding annually on the minutes of the governing body
63 establishing the rate based upon the actual cost to operate and
64 maintain the system as determined under Generally Accepted
65 Accounting Principles, and the municipality shall not charge a
66 user a fee for services received that is less than the cost
67 incurred by the municipality, or based on the assessed value of
68 the property, to provide such services.



69 (d) Notice of any change in the rate or rate structure
70 at which services are supplied shall be posted on all bills sent
71 to users at least one (1) month prior to the effective date of the
72 rate change. Notice shall also be posted to the municipality's
73 online web page or bill payment platform, if the municipality has
74 an online web page or bill payment platform.

75 (e) Nothing in this statute shall be construed as
76 prohibiting a user or governing authority of any municipality from
77 applying for and receiving any federally or privately subsidized
78 payment assistance, grant or other funds.

79 (f) The governing authority of a municipality may
80 provide for the calculation of a user's bill by a method other
81 than volumetric usage only in exchange for consideration as part
82 of, or in connection with, an incentive contract or other form of
83 benefit or assistance related to the user's location, expansion,
84 or maintenance of its commercial or industrial operation within
85 the municipality, so long as such rate is equitable, fair, and
86 nondiscriminatory, and the municipality shall not charge such user
87 a fee for services received that is less than the cost incurred by
88 the municipality to provide such services.

89 (2) The governing authorities of municipalities shall have
90 the power to acquire by purchase, donation or condemnation, in the
91 name of the municipality, suitable grounds, within or without the
92 corporate limits, upon which to erect waterworks, and also the
93 right-of-way to and from such works and the right-of-way for



94 laying water pipes within the corporate limits, and from such
95 waterworks to the municipality, and to extend such right-of-way
96 from time to time. The governing authorities shall have the power
97 to contract with any person for the maintenance and operation of
98 waterworks. * * * The authorities shall have the power to
99 contract with any person for the erection and maintenance of
100 waterworks for a term not exceeding twenty-five (25) years, fixing
101 water rates in the contract subject to municipal regulations. A
102 contract for the erection or purchase of waterworks shall not,
103 however, be entered into until submitted to a vote of the
104 qualified electors and approved by a majority of those voting. A
105 contract for maintenance under which the person who will perform
106 such maintenance is wholly or partially responsible for fixing
107 water rates shall not be entered into until submitted to a vote of
108 the qualified electors and approved by a majority of those voting.
109 It shall be unlawful for any municipally owned waterworks to
110 supply water free of charge, or in any amount less than the fixed
111 charges, to any person, firm or corporation, except as is
112 expressly authorized by law.

113 **SECTION 2.** Section 21-27-189, Mississippi Code of 1972, is
114 amended as follows:

115 21-27-189. A municipality, as defined in Section 21-27-163,
116 is authorized and empowered, in the discretion of its governmental
117 authorities, to exercise the following powers and authority within



118 the area and territories comprising the metropolitan area of which
119 it is a part:

120 (a) To operate and manage sewerage systems, sewage
121 treatment facilities and sewage disposal systems and related
122 facilities serving the metropolitan area in conformance with the
123 metropolitan area plan.

124 (b) To construct, operate and maintain sewerage
125 systems, sewage treatment facilities and sewage disposal systems
126 in the manner and to the extent required by the metropolitan area
127 plan.

128 (c) To accept and utilize grants and other funds from
129 any source for waste treatment management purposes.

130 (d) To establish and maintain rates and charges in
131 equitable proportion for the use of the services and benefits
132 rendered of such sewerage systems, sewage treatment facilities and
133 sewage disposal systems within the metropolitan area, and from
134 time to time to adjust such rates, to the end that the revenues
135 therefrom will be sufficient at all times to pay the expenses of
136 operating and maintaining such works, facilities and systems and
137 all of the municipality's obligations under any contract or bond
138 resolution with respect thereto. The rates shall be just and
139 reasonable, and rates may not be unreasonably preferential,
140 prejudicial or discriminatory but shall be sufficient, equitable
141 and consistent in application to each class of users. While the
142 municipality may set different rates for different classifications



143 of users, a municipality shall not discriminate in setting rates
144 among members of the same classification. The governing
145 authorities of the municipality shall make a finding on the
146 minutes of the governing body establishing the rate based upon the
147 actual cost to operate and maintain the system, and a municipality
148 shall not charge a user a fee for services received which is less
149 than the cost incurred by the municipality to provide such
150 services.

151 (e) To incur short and long-term indebtedness under the
152 provisions of Sections 21-27-161 through 21-27-191 or other
153 applicable statutes.

154 (f) To adopt rules and regulations necessary to carry
155 out the implementation of the metropolitan area plan and to assure
156 the payment of each participating person or public agency of its
157 proportionate share of treatment costs.

158 (g) To refuse to receive any waste from any public
159 agency or subdivision thereof or any other person which does not
160 comply with the provisions of the metropolitan area plan
161 applicable to the particular area within which such public agency
162 or subdivision thereof or any other person is located.

163 (h) To accept industrial waste for treatment and to
164 require the pretreatment of same when within the opinion of the
165 municipality such pretreatment is necessary.



166 (i) To adopt all necessary and reasonable rules and
167 regulations to carry out and effectuate any waste treatment plan
168 adopted for the metropolitan area.

169 (j) To require by ordinance or by contract with a
170 public agency or other person that all waste within the
171 metropolitan area be disposed of through sewerage systems,
172 treatment facilities and sewage disposal systems which comprise a
173 part of the metropolitan area plan, to the extent that the same
174 may be available, but no public agency shall be precluded from
175 constructing, operating and maintaining its own sewerage system if
176 the same be a part of the metropolitan area plan.

177 **SECTION 3.** This act shall take effect and be in force from
178 and after July 1, 2023.

