

**LOUISIANA PUBLIC SERVICE COMMISSION
GENERAL ORDER**

**LOUISIANA PUBLIC SERVICE COMMISSION,
EX PARTE**

In re: Exemption of non-profit water systems from Commission regulations.

(Decided at Business and Executive Session held July 27, 2016)

OVERVIEW

On April 18, 1969, the Louisiana Public Service Commission (“LPSC” “Commission”) issued a minute entry which resulted in “Exempting of Farmers’ Home Administration sponsored water systems from Commission regulations”. Specifically exempted were those systems wholly owned by the water system members and operated by an elected board of the members, and that primarily received, or were eligible to receive, funding from the United States Department of Agriculture (“USDA”). These systems are now referred to in Commission regulations as “Water Cooperatives” or “Non-Profits”. Consistent with the 1969 exemption, the USDA assumed regulatory authority over these Water Cooperatives given the interrelated nature between the government loans that provided financing to these systems, and the impact those loans had on the ultimate rates. Currently the USDA, through the Rural Development program continues to provide lending; however, it refrained from establishing rates for these systems effective December 31, 2010.

In response to the USDA’s proposed course of action, the Commission, at the November 10, 2010 B&E rescinded the 1969 minute entry, as well as Commission General Orders dated July 9, 2004 and May 31, 2005.¹ Since the rescission, the Commission has reassumed rate jurisdiction over these systems. More recently, the Commission has exercised rate regulation through a streamlined process established in Commission General Order dated September 12, 2014.

Act 444 of the 2016 Regular Session

House Bill 729, proposed by Representative Jack Mountcet, would re-delegate to USDA rate-making authority over all those non-profit systems that are active borrowers from the USDA. Additionally, the proposed bill would provide alternative government oversight, namely from the Louisiana Department of Health and Hospitals and the Louisiana Legislative Auditor, for those water cooperatives that are not active borrowers from USDA. House Bill 729 was passed by the legislature and adopted by Act 444 of the 2016 Regular Session of the Louisiana

¹ Those Orders expanded the minute entry to include wastewater systems funded by USDA through Rural Development.

Legislature. In simple terms, the Act provides for a regulatory scheme similar to the regulation that existed from 1969-2010.

Consistent with the above, Commission Staff recommended the Commission vote to reestablish the exemption for the Water Cooperatives, from the Commission's Regulations, consistent with the requirements Act 444.

Commission's Consideration

Staff's Recommendation was considered by the Commission at the July 27, 2016 Business and Executive Session. On motion of Commissioner Campbell, seconded by Commissioner Skrmetta, with Commissioner Boissiere and Vice Chairman Angelle concurring, and Chairman Holloway absent, the Commission voted to reestablish the exemption for those wholly owned non-profit water systems from the Commission's Regulations, consistent with the passage of Act 444.

IT IS THEREFORE ORDERED:

1. Non-profit water systems wholly-owned by their members are hereby exempt from Commission Regulation
2. This General Order is effective immediately.

**BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA**

August 22, 2016

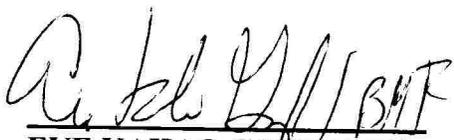
/S/ CLYDE C. HOLLOWAY (ABSENT)
DISTRICT IV
CHAIRMAN CLYDE C. HOLLOWAY

/S/ SCOTT A. ANGELLE
DISTRICT II
VICE CHAIRMAN SCOTT A. ANGELLE

/S/ FOSTER L. CAMPBELL
DISTRICT V
COMMISSIONER FOSTER L. CAMPBELL

/S/ LAMBERT C. BOISSIERE
DISTRICT III
COMMISSIONER LAMBERT C. BOISSIERE, III

/S/ ERIC F. SKRMETTA
DISTRICT I
COMMISSIONER ERIC F. SKRMETTA


EVE KAHAO GONZALEZ
SECRETARY