

# SENATE BILL REPORT

## SB 6206

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As of January 16, 2024

**Title:** An act relating to receivership of public water systems.

**Brief Description:** Concerning receivership of public water systems.

**Sponsors:** Senators Short and Dozier.

**Brief History:**

**Committee Activity:** Local Government, Land Use & Tribal Affairs: 1/18/24.

**Brief Summary of Bill**

- Requires the court, under the receivership process of public water systems, to appoint the public utility district or water-sewer district in which the water system is located if there is no other person willing and able to be named as receiver.
- Requires the court to appoint the county in which the water system is located as the receiver if no public utility district or water-sewer district operates in the county where the water system is located.

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### SENATE COMMITTEE ON LOCAL GOVERNMENT, LAND USE & TRIBAL AFFAIRS

**Staff:** Karen Epps (786-7424)

**Background:** Public Water Systems. A public water system is any system providing water for human consumption through pipes or other means of transfer, except for a system which provides service to only one single-family residence or that provides fewer than four connections to residences on a single farm. Such a system includes any collection, treatment, and storage either under the control of the owner or operator of the public water system. It also includes collection and pretreatment storage facilities not under the control

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of the owner or operator but primarily used in connection with the system.

Water-Sewer Districts. Water-sewer districts provide water and sewer services to incorporated and unincorporated areas. Districts are established through a petition, public hearing, and voter approval process and are each managed by a board of elected commissioners. District powers include the authority to purchase, construct, maintain, and supply waterworks to furnish water to inhabitants, and to develop and operate systems of sewers and drainage.

Public Utility Districts. A public utility district (PUD) is a type of special-purpose district authorized for the purpose of generating and distributing electricity, providing water and sewer services, and providing telecommunications services. PUDs are authorized to establish rates and charges for providing water and sewer services.

Receivership of a Public Water System. In an action brought by the Secretary of Health or by a local health officer to place a public water system in receivership, the petition must include the name of at least one candidate for receiver who has consented to assume operation of the water system. The Department of Health (DOH) must maintain a list of interested and qualified individuals and entities with experience of providing water service and a satisfactory operation history.

If no receiver is willing or able to be named, the court must appoint the county in which the water system is located as the receiver. The county may name a county agency or contract with an outside individual or group to operate the water system. If the county is appointed as receiver, the Secretary of Health and the county health officer must provide regulatory oversight for the operation of the water system.

In any receivership action, the DOH must recommend the receiver be granted full authority to act in the best interests of the customers served by the water system. The receiver must assess the system's capability, in conjunction with the DOH and local government, for the system to operate in compliance with health and safety standards and must report to the court recommendations for the water system's future operation. These recommendations can include the formation of a water-sewer district or other public entity, or for ownership by another existing water system capable of providing service.

The court must authorize the receiver to impose reasonable assessments on the water system's customers to recover expenditures for improvements necessary for public health and safety.

No later than 12 months after appointment of a receiver, the petitioning agency, in conjunction with the county and state and local health agencies, must present a plan to the court for the disposition of the water system that includes all reasonable and feasible alternatives. The court will then conduct hearings as necessary, order the implementation of one or more of the options, and provide a date for the termination of the receivership.

The court cannot require a city, town, public utility district, water-sewer district, or irrigation district to accept a water system in receivership unless the entity agrees to the terms and conditions outlined in the plan.

The court may not terminate the receivership and return the water system to its owners unless the DOH approves the transfer. If the system is returned, the court may impose conditions on the owner, including the posting of a bond, compliance with audits, or other measures to ensure the ongoing proper operation of the system.

**Summary of Bill:** If there is no other person willing and able to be named as receiver, the court must appoint the public utility district or water-sewer district in which the water system is located. If no public utility district or water-sewer district operates in the county where the water system is located, the court must appoint the county as the receiver.

The court cannot require a city, town, or irrigation district to accept a water system in receivership unless the entity agrees to the terms and conditions outlined in the plan.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.