



2025-2026 General Assembly

HOUSE BILL 376: Water/Wastewater Affordability & Capacity Act, Secs. 1-3: Amend Procedures Regarding the Sale of a Public Water System

Analysis of: S.L. 2026-32, Secs. 1-3

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Sections 1-3 of S.L. 2026-32 (House Bill 376) amend procedures for the sale of a public water system as follows:

- Section 1 provides that water and sewer utilities may apply for a Water and Sewer Investment Plan, under which the Utilities Commission (Commission) sets base rates and authorizes annual rate changes for a three-year period. When a utility files new or revised rates, the Commission may suspend them for up to 270 days pending a hearing. Section 1 allows the Commission to suspend the effect of proposed base rates and the implementation of a Water and Sewer Investment Plan in the same manner as when a public utility files a new or revised schedule of rates with the Commission, except that the Commission may suspend the operation of the proposed base rates for up to 300 days.

This section became effective July 2, 2026, and applies to rate schedules filed on or after that date.

- Section 2 requires a local government service provider to hold a public hearing when selling a water or sewer system that services the public to a private company and determine that the sale is in the public interest. The local government selling the system must prepare a statement showing that the sale is in the public interest, including a summary of the purchaser's experience in water or sewer utility operation and a showing of financial ability to provide the service. All money paid by a private company to a local government for the purchase of a water system must be used for debt reduction for the system, if applicable, and repayment of federal grant awards associated with the system as may be required by federal law or regulation. Any remaining funds must be deposited in the local government service provider's general fund.

This section became effective July 2, 2026, and applies to contracts for sales of water systems executed on or after that date.

- Section 3 requires a local government water or sewer provider to hold a public hearing if an increase in the rates on customers outside of their jurisdictional boundaries exceeds the rates on customers inside its jurisdictional boundaries by more than 25%.

This section became effective July 2, 2026, and applies to rates established on or after that date.

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