

**Second Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO**

**REVISED**

*This Version Includes All Amendments Adopted  
on Second Reading in the Second House*

LLS NO. 18-0742.01 Duane Gall x4335

**SENATE BILL 18-134**

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**SENATE SPONSORSHIP**

**Cooke,**

**HOUSE SPONSORSHIP**

**Arndt,**

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**Senate Committees**

Agriculture, Natural Resources, & Energy

**House Committees**

Agriculture, Livestock, & Natural Resources

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**A BILL FOR AN ACT**

101 **CONCERNING THE EXEMPTION OF NONPROFIT WATER COMPANIES**  
102 **FROM REGULATION BY THE PUBLIC UTILITIES COMMISSION.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

Under current law, the public utilities commission is directed to grant simplified regulatory treatment to water companies that serve fewer than 1,500 customers. The bill expands on this concept by deregulating water companies that are registered as nonprofits, so long as their rates, charges, and terms and conditions of service are just and reasonable. The commission retains the right to entertain a complaint of unjust or

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.*

HOUSE  
2nd Reading Unamended  
March 15, 2018

SENATE  
3rd Reading Unamended  
February 14, 2018

SENATE  
Amended 2nd Reading  
February 13, 2018

unreasonable rates or practices, and to take remedial action, if the complaint is authorized by specified public officials or other persons.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 40-3-104.4  
3 as follows:

4 **40-3-104.4. Simplified regulatory treatment for small or**  
5 **nonprofit water companies.** (1) The commission, with due  
6 consideration to public interest, quality of service, financial condition,  
7 and just and reasonable rates, shall grant regulatory treatment that is less  
8 comprehensive than otherwise provided for under this ~~article~~ ARTICLE 3  
9 to small, privately owned water companies that serve fewer than one  
10 thousand five hundred customers. The commission, when considering  
11 policy statements and rules, shall balance reasonable regulatory oversight  
12 with the cost of regulation in relation to the benefit derived from ~~such~~ THE  
13 regulation.

14 (2) (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2)(b) OF  
15 THIS SECTION, A WATER COMPANY REGISTERED AS A NONPROFIT  
16 ORGANIZATION UNDER SECTION 501 (c) OF THE FEDERAL "INTERNAL  
17 REVENUE CODE OF 1986", AS AMENDED, 26 U.S.C. SEC. 501 (c), IS  
18 EXEMPT FROM REGULATION UNDER THE "PUBLIC UTILITIES LAW",  
19 ARTICLES 1 TO 7 OF THIS TITLE 40.

20 (b) NOTWITHSTANDING SUBSECTION (2)(a) OF THIS SECTION, ALL  
21 RATES, CHARGES, AND TERMS AND CONDITIONS OF SERVICE BETWEEN A  
22 WATER COMPANY DESCRIBED IN SUBSECTION (2)(a) OF THIS SECTION AND  
23 ITS CUSTOMERS MUST BE JUST AND REASONABLE. THE COMMISSION SHALL  
24 RESOLVE ANY COMPLAINT ALLEGING A VIOLATION OF THIS SUBSECTION  
25 (2)(b) IN ACCORDANCE WITH ARTICLES 6 AND 7 OF THIS TITLE 40 IF THE

1 COMPLAINT IS SIGNED BY:

2 (I) THE MAYOR, THE PRESIDENT OF THE BOARD OF TRUSTEES, OR  
3 A MAJORITY OF THE COUNCIL, COMMISSION, OR OTHER GOVERNING BODY  
4 OF AN AFFECTED CITY, COUNTY, CITY AND COUNTY, OR TOWN;

5 (II) THE CHIEF EXECUTIVE OFFICER OF AN AFFECTED PUBLIC  
6 UTILITY; OR

7 (III) THE LESSER OF:

8 (A) AT LEAST TWENTY-FIVE CUSTOMERS OR PROSPECTIVE  
9 CUSTOMERS OF THE WATER COMPANY COMPLAINED OF; OR

10 (B) AT LEAST TWENTY-FIVE PERCENT OF THE CURRENT  
11 CUSTOMERS OF THE WATER COMPANY COMPLAINED OF.

12 **SECTION 2. Act subject to petition - effective date -**  
13 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following  
14 the expiration of the ninety-day period after final adjournment of the  
15 general assembly (August 8, 2018, if adjournment sine die is on May 9,  
16 2018); except that, if a referendum petition is filed pursuant to section 1  
17 (3) of article V of the state constitution against this act or an item, section,  
18 or part of this act within such period, then the act, item, section, or part  
19 will not take effect unless approved by the people at the general election  
20 to be held in November 2018 and, in such case, will take effect on the  
21 date of the official declaration of the vote thereon by the governor.

22 (2) This act applies to complaints filed on or after the applicable  
23 effective date of this act.