

**BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA**

IN THE MATTER OF A RULEMAKING OF )  
THE OKLAHOMA CORPORATION )  
COMMISSION, AMENDING OAC 165:65, )  
WATER SERVICE UTILITIES RULES. )

CAUSE NO. RM 200900005

**FILED**  
OCT 01 2009

**RULE IMPACT STATEMENT**

COURT CLERK'S OFFICE - OKC  
CORPORATION COMMISSION  
OF OKLAHOMA

Pursuant to the Administrative Procedures Act, Section 303(D) of Title 75 of the Oklahoma Statutes, the following Rule Impact Statement is hereby submitted, subject to modification as the agency receives comment and additional information.

**I. BRIEF DESCRIPTION OF THE PURPOSE OF THE PROPOSED RULES.**

The purpose of the proposed rules is to establish a process whereby smaller water utilities, having less than \$50,000 in annual gross revenues in Oklahoma, would be permitted to increase customers' rates and charges by an amount which is no greater than three percent (3%) of the water utilities' previous 12 months gross annual revenues without filing a general rate review under the regulations set forth in Oklahoma Administrative Code (OAC) 165:70-7-4. The water utilities would be permitted to increase their charges and rates in such manner for no more than two consecutive years and no more than three years within the most recent five year period. The water utilities would be required to provide advance notice to their customers through no less than two separate billing cycles at least 60 days in advance of the effective date of the proposed increases. Customer notices would provide the effective date of the proposed rate and charge increases, the average increase per customer per rate class, the total percentage of increase, and the procedure for customers to petition the Commission to examine the proposed increases should five percent (5%) or more of the customers find the proposed increases objectionable. The water utilities would also be required to notify the Oklahoma Corporation Commission (Commission) at least 60 days in advance of the proposed increases. Rate and charge increases effectuated through this procedure would be in force for at least one year and during said year no additional increases would be permitted unless mandated by change in state or federal law.

**II. DESCRIPTION OF THE CLASSES OF PERSONS WHO WILL MOST LIKELY BE AFFECTED BY THE PROPOSED RULES, INCLUDING CLASSES THAT WILL BEAR THE COST OF THE PROPOSED RULES, AND ANY INFORMATION ON COST IMPACTS RECEIVED BY THE AGENCY FROM ANY PRIVATE OR PUBLIC ENTITIES.**

Water utilities which have less than \$50,000 in annual gross revenues in Oklahoma and are regulated by the Commission and their customers are most likely to be affected by the proposed rules. The Commission, in its published notice of proposed

rulemaking, has invited public comment and requested business entities that are expected to be impacted by the proposed rule changes to provide written comments stating such cost impact.

### **III. A DESCRIPTION OF THE CLASSES OF PERSONS WHO WILL BENEFIT FROM THE PROPOSED RULES.**

Water utilities which have less than \$50,000 in annual gross revenues in Oklahoma and are regulated by the Commission and their customers are expected to benefit from the proposed rules as they will permit a significantly less expensive, more stream-lined, opportunity for water utilities to effectuate reasonable and relatively minor changes in customer rates and charges, thereby avoiding a costly and time-consuming general rate review filing, while still assuring affected customers retain an opportunity to request Commission review and consideration if necessary.

### **IV. A DESCRIPTION OF THE PROBABLE ECONOMIC IMPACT OF THE PROPOSED RULES UPON AFFECTED CLASSES OF PERSONS OR POLITICAL SUBDIVISIONS, INCLUDING A LISTING OF ALL FEE CHANGES AND, WHENEVER POSSIBLE, A SEPARATE JUSTIFICATION FOR EACH FEE CHANGE.**

The proposed rules are expected to have no adverse economic effect upon affected classes of persons, including any political subdivisions, as they are designed to permit qualifying water utilities to make reasonable and relatively minor rate and charge increases without the need of pursuing an expensive and time-consuming general rate review under OAC 165:70-7-4. As a matter of fact, since it is typical for the cost of a general rate review filing at the Commission to be passed through base rates to utilities' customers, these proposed rule changes may actually protect customers from shouldering additional costs they might otherwise endure. Furthermore, because the proposed rule changes permit customers to petition the Commission to review and determine the reasonableness of any proposed rate and charge increases, affected customers are fully protected from the possibility of being charged unreasonable and/or inequitable increases by qualifying water utilities.

The proposed rules contain no fee changes.

### **V. THE PROBABLE COSTS AND BENEFITS TO THE AGENCY AND TO ANY OTHER AGENCY OF THE IMPLEMENTATION AND ENFORCEMENT OF THE PROPOSED RULES, THE SOURCE OF REVENUE TO BE USED FOR IMPLEMENTATION AND ENFORCEMENT OF THE PROPOSED RULES, AND ANY ANTICIPATED EFFECT ON STATE REVENUES, INCLUDING A PROJECTED NET LOSS OR GAIN IN SUCH REVENUES IF IT CAN BE PROJECTED BY THE AGENCY.**

The proposed rules are expected to place no additional costs upon the Commission, or affect State revenues, as they will be implemented and enforced by the Commission through its existing resources and personnel. No other agencies will be expected to enforce the proposed rules and therefore should experience no revenue loss. State agencies, which may be customers of water utilities affected by these rules, may actually avoid potential future costs for the reasons noted herein above in Paragraph IV.

**VI. A DETERMINATION OF WHETHER IMPLEMENTATION OF THE PROPOSED RULES WILL HAVE AN ECONOMIC IMPACT ON ANY POLITICAL SUBDIVISIONS OR REQUIRE THEIR IMPLEMENTING OR ENFORCING THE RULES.**

Implementation of the proposed rules is not anticipated to have an economic impact on any political subdivisions nor require any political subdivisions to implement or enforce the rules. As noted herein above regarding state agencies, political subdivisions, which may be customers of water utilities affected by these rules, may also actually avoid potential future costs for the reasons stated herein above in Paragraph IV.

**VII. A DETERMINATION OF WHETHER IMPLEMENTATION OF THE PROPOSED RULES MAY HAVE AN ADVERSE ECONOMIC EFFECT ON SMALL BUSINESS AS PROVIDED BY THE OKLAHOMA SMALL BUSINESS REGULATORY FLEXIBILITY ACT.**

It is anticipated that implementation of the proposed rules will not have an adverse economic effect on small business since they are designed to promote a less costly and more stream-lined process for qualifying water utilities to make reasonable and relatively minor rate and charge increases and as the proposed rules permit affected customers, such as potential small businesses, to petition the Commission for review of any proposed increases should they be determined to be objectionable by five percent (5%) or greater of affected entities. However, in its published rulemaking, the Commission invited business entities to submit input regarding the potential impact of the proposed rules.

**VIII. A STATEMENT OF THE MEASURES THE AGENCY HAS TAKEN TO MINIMIZE COMPLIANCE COSTS AND A DETERMINATION OF WHETHER THERE ARE LESS COSTLY OR NONREGULATORY METHODS OR LESS INTRUSIVE METHODS FOR ACHIEVING THE PURPOSE OF THE PROPOSED RULES.**

There are no known less costly, non-regulatory methods or less intrusive methods for achieving the purpose of the proposed rules.

**IX. A DETERMINATION OF THE EFFECT OF THE PROPOSED RULES ON THE PUBLIC HEALTH AND SAFETY AND THE ENVIRONMENT AND, IF THE PROPOSED RULES ARE DESIGNED TO REDUCE SIGNIFICANT RISKS TO THE PUBLIC HEALTH AND SAFETY AND THE ENVIRONMENT, AN EXPLANATION OF THE NATURE OF THE RISK AND TO WHAT EXTENT THE PROPOSED RULES WILL REDUCE THE RISK.**

Generally, the proposed rules are not expected to have any effect on the public health and safety and the environment as they are specific to the regulation of qualifying water utilities only. However, as water utilities are obligated by statute and regulation to insure safe, adequate and reliable service and to ensure fairness to the public (SEE OAC 165:65-1-1), the proposed rules would permit water utilities to utilize a less expensive, more stream-lined process to more quickly implement reasonable and relatively minor rate and charge increases, thereby assuring the water utilities possess the necessary resources to meet their statutory and regulatory obligations.

**X. A DETERMINATION OF ANY DETRIMENTAL EFFECT ON THE PUBLIC HEALTH, SAFETY AND ENVIRONMENT IF THE PROPOSED RULES ARE NOT IMPLEMENTED.**

The public would be denied any positive impact the environment and public health and safety might enjoy from the proposed rules, as set forth herein above in Paragraph IX, if the proposed rules are not implemented.

**XI. DATE**

Prepared: October 1, 2009  
Modified: n/a