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Water Purchase Contract/Rate Increase: City of Magazine/South Logan County Public Water Facilities Board Seek to Enjoin Booneville, Arkansas

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Three Arkansas cities and two public water authorities filed a June 11th Complaint for Temporary and Permanent Injunction and for Declaratory Judgment (“Complaint”) against the City of Booneville, Arkansas objecting to a water rate increase. See Case No. 42BCV-24-60-Div 3.

The Complaint was filed in the Circuit Court of Logan County, Arkansas by the following:

- City of Ratcliff.
- City of Magazine.
- City of Blue Mountain.
- Milltown-Washburn Public Water Authority.
- South Logan County Public Water Facilities Board.

The Complaint states that each of the Plaintiffs have entered into a Water Purchase Contract (“Contract”) with Booneville at different times. The Contract is stated to contain a provision addressing potential changes in the schedule of rates to be collectively paid by the purchasers at the end of every one-year period. The Complaint further states that:

..Any increase or decrease in rates shall be based on demonstrable increase or decrease in the cost of performance hereunder, but such cost shall not increase capitalization of the Seller’s system.

The Complaint further references:

- Notification to the Plaintiff Purchasers of Booneville’s intent to impose a rate increase.
- Plaintiff Purchasers’ request to Booneville for the basis of the cost increase.
- Booneville’s supply to the Plaintiff Purchaser of the rate study by conducted by the Arkansas Rural Water Association.

Booneville is stated to have increased the water rate from \$1.50 per 1,000 gallons of water to \$4.30 per 1,000 gallons of water, effective June 1, 2024. Plaintiff Purchasers argue that the referenced rate study does not support the rate increase.

The Complaint requests that a Temporary and Permanent Injunction be entered against Booneville because:

- The rate increase is approximately three times the current rate, and extreme and unjustified.
- The rate increase has been imposed in the middle of a fiscal year.
- Plaintiff Purchasers have not budgeted for the increase.
- Plaintiff Purchasers would be required to increase rates to its individual customers to fund the increase.
- Booneville has threatened to impose a 10% penalty any of the increased funds/rates not paid.
- Charges assessed against Booneville is beyond the financial means of the Plaintiff Purchasers.
- The rate being assessed by Booneville exceeds the suggested rates in the rate study upon which it relies.

A copy of the Complaint can be downloaded [here](#).