

Wholesale Water Rate Dispute: City of Norman, Arkansas Files Breach of Contract Complaint Against City of Glenwood Alleging Overcharges



Walter Wright, Jr.
wwright@mwlaw.com
(501) 688.8839

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The City of Norman, Arkansas (“Norman”) filed a breach of contract Complaint (“Complaint”) against the City of Glenwood, Arkansas (“Glenwood”) on July 26th in Montgomery County Circuit Court. See 49-CR-2016-34.

The Complaint addresses issues alleged to have arisen in Norman’s purchase of water from Glenwood.

Norman and Glenwood are stated to have entered into a contract for the sale/purchase of water in 2006. The contract is attached to Norman’s Complaint entitled Water Purchase Contract (“Contract”). The Complaint alleges that Norman has been overbilled for water it has purchased from Glenwood pursuant to the Contract.

The Complaint describes Glenwood’s subsequent enactment of an ordinance to amend water rates to include a three percent cost of living increase. It further alleges that:

. . . no consideration was given by Glenwood for the amendment to the contract and the City of Norman did not enact an ordinance authorizing the then Norman mayor, Ginger Klein, bind the city to the new terms.

Norman describes the amendment to the Contract’s language and argues that the three percent cost of living adjustment was improperly calculated.

Also described is a discussion of what is referenced as a “calculation error” and the issuance of a credit by Glenwood to Norman. Norman further references Glenwood’s utilization starting in January 2016 of late fees and interest charges to the monthly billing submitted to Norman. Glenwood also allegedly attempted to charge Norman for “start-up costs”.

Norman alleges that it has paid:

. . . considerably more money per month for its water purchases than agreed to by the parties in the original contract.

As a result, Norman asks that the Court find that:

- Glenwood is in breach of the parties’ original Contract
- The 2009 amendment to the Contract was approved by the former Norman mayor without either actual or apparent authority (due to lack of an Ordinance) and is therefore void

- Even if the amendment is valid, or that the increase is justified under the original Contract, Glenwood breached this Contract when increasing both Section (A) Calculations contrary to the Contract and Norman is entitled to a judgment against Glenwood equal of the overbilling

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