

**WATER FURNISHED OUTSIDE TERRITORIAL LIMITS (EXCERPT)**  
**Act 34 of 1917**

**123.141 Sale of water; authority of municipal corporation to contract with city, village, township, or authority; price; limits; applicability and effective date of subsection (2); adjustments; proceedings to determine rate changes; retail rate; applicability of act.**

Sec. 1.

(1) A municipal corporation, referred to in this act as a corporation, authorized by law to sell water outside of its territorial limits, may contract for the sale of water with a city, village, township, or authority authorized to provide a water supply for its inhabitants.

(2) The price charged by the city to its customers shall be at a rate which is based on the actual cost of service as determined under the utility basis of ratemaking. This subsection shall not remove any minimum or maximum limits imposed contractually between the city and its wholesale customers during the remaining life of the contract. This subsection shall not apply to a water system that is not a contractual customer of another water department and that serves less than 1% of the population of the state. This subsection shall take effect with the first change in wholesale or retail rate by the city or its contractual customers following the effective date of this subsection. Any city that has not adjusted rates in conformity with this subsection by April 1, 1982 shall include in the next ensuing rate period an adjustment to increase or decrease rates to wholesale or retail customers, so that each class of customer pays rates which will yield the same estimated amount of revenue as if the rate adjustment had been retroactive to April 1, 1982. A city that is subject to section 5e of Act No. 279 of the Public Acts of 1909, being section 117.5e of the Michigan Compiled Laws, shall begin proceedings to determine rate changes pursuant to section 5e(b) of Act No. 279 of the Public Acts of 1909, being section 117.5e of the Michigan Compiled Laws.

(3) The retail rate charged to the inhabitants of a city, village, township, or authority which is a contractual customer as provided by subsection (2) shall not exceed the actual cost of providing the service.

(4) This act shall not apply to a jointly operated water system or authority that supplies raw untreated water to 2 or more municipalities.

**History:** 1917, Act 34, Imd. Eff. Apr. 5, 1917 ;-- CL 1929, 2445 ;-- CL 1948, 123.141 ;-- Am. 1957, Act 53, Imd. Eff. May 17, 1957 ;-- Am. 1981, Act 89, Imd. Eff. July 2, 1981