**10-8-14 Utility and telecommunications services -- Service beyond municipal limits -- Retainage -- Notice of service and agreement.**

(1) As used in this section, “public telecommunications service facilities” means the same as that term is defined in Section 10-18-102.

(2) A municipality may:

(a) construct, maintain, and operate waterworks, sewer collection, sewer treatment systems, gas works, electric light works, telecommunications lines, cable television lines, public transportation systems, or public telecommunications service facilities;

(b) authorize the construction, maintenance and operation of the works or systems listed in Subsection (2)(a) by others;

(c) purchase or lease the works or systems listed in Subsection (2)(a) from any person or corporation; and

(d) sell and deliver the surplus product or service capacity of any works or system listed in Subsection (2)(a), not required by the municipality or the municipality’s inhabitants, to others beyond the limits of the municipality, except the sale and delivery of:

(i) retail electricity beyond the municipal boundary is governed by Subsections (3) through (8); [~~and~~]

(ii) cable television services or public telecommunications services is governed by Subsection (12); and

(iii) the commodity of water is governed by Section 10-7-14 and Section 10-8-22.

….. (section continues beyond this point, but no changes proposed to the rest of 10-8-14).

**10-7-14. Rules and regulations for use of water – Adoption of designated water service area.**

1. For purpose of this section:
   1. “Waterworks system” means municipally owned collection, treatment, storage and distribution facilities for culinary or irrigation water, including pipes, hydrants and appurtenances, but does not include water rights or sources of water supply such as wells, springs, streams or shares in a mutual irrigation company.
   2. “Retail customer” means an end user who receives culinary water directly from a municipality’s waterworks system.
2. A municipality [~~Every city and town~~] may enact ordinances, rules and regulations for the management and conduct of the waterworks system owned or controlled by it.
3. A municipality that provides water service to retail customers outside of its political boundaries shall:
   1. post on its website a map or maps showing its designated water service area and any other areas outside of its political boundaries where retail customers receive water service from the municipality’s waterworks system;
   2. adopt by ordinance the municipality’s policies applicable to its designated water service area and to retail customers located outside of its designated water service area; and
   3. designate, by ordinance, those areas outside of the municipal boundaries that the municipality adopts as part of its designated water service area.
4. For purposes of section 73-1-4(2)f)(i):
   1. a municipality’s reasonably anticipated service area is limited to its designated water service area; and
   2. the reasonable future water requirement of the public does not include areas or customers served by the municipality’s waterworks system that are located outside of its designated water service area.
5. Within its designated water service area, a municipality shall apply:
   1. the same terms and conditions of service to all retail customers pertaining to the initiation or termination of retail water service; and
   2. the same restrictions on water use to all retail customers in times of water scarcity or in an emergency affecting the entire waterworks system.
6. Nothing in this section expands or diminishes the ability of a municipality to enter into a contract to supply the commodity of water outside of the municipality’s designated water service area or to enter into a wholesale water supply agreement with another municipality or public water supplier.
7. Except as provided in this section, a municipality may not sell or convey an interest in part or all of its waterworks system.
8. In any proposed sale or conveyance of all or part of a municipality’s waterworks system:
   1. the entity acquiring the waterworks must be a political subdivision of the state of Utah or an agency of the federal government; and
   2. the entity acquiring the waterworks shall, without interruption, provide the same service that the municipality previously provided to any area or customer being served by the waterworks proposed to be conveyed.

**10-8-22 Water rates.**

1. For purposes of this section:
   1. “Large municipal drinking water system” means a municipally owned and operated drinking water system serving a population of 10,000 or more.
   2. “Retail customer” has the same meaning as provided in Section 10-7-14.
2. A municipality shall [~~They may~~] fix the rates to be paid for the use of water furnished by the [~~city~~] municipality.
3. The setting of municipal water rates is a legislative act.
4. Within its designated water service area, a municipality shall:
   1. establish, by ordinance, reasonable rates for the services provided to its retail customers;
   2. use the same method of providing notice to all retail customers of proposed rate changes; and
   3. allow all retail customers the same opportunity to appear and participate in public meetings addressing water rates.
5. A municipality may establish different rates for different classes of retail customers within its designated water service area if such treatment has a reasonable basis.
   1. Examples of a reasonable basis for charging different rates include:
      1. Differences in the cost of providing service to a particular class;
      2. Whether one class bears more risk in relation to system operations;
      3. Investments made by one class to build or maintain the system that are different from another class;
      4. Needs or conditions of one class that are distinguishable from the needs or conditions of another class and, based on economic, public policy or other identifiable elements, support a different rate; or
      5. A differential based on other cost of service standards or industry recognized rate setting standards.
   2. A reasonable basis for charging a different rate does not include an adjustment based solely on the fact that a particular class is located either inside or outside of the municipality’s corporate boundary without further justification.
6. If more than ten percent of the total retail water connections within a large municipal drinking water system’s designated water service area are located outside of the municipality’s corporate boundary, the municipality shall:
   1. post on its website the rates assessed to retail customers within the designated water service area;
   2. establish a board, commission or committee to make recommendations to the municipal legislative body for water rates, capital projects and other water service standards;
   3. include on the board, commission or committee described in subsection (5)(a) representatives of retail customers within the designated water service area whose connections are located outside of the municipal boundary as follows:
      1. If more than ten percent but less than thirty percent of the total retail water connections are outside of the municipal boundary, then a minimum of twenty percent of the board, commission or committee members shall represent such customers; or
      2. If thirty percent or more of the total retail water connections are outside of the municipal boundary, then a minimum of forty percent of the board, commission or committee members shall represent such customers; and
   4. solicit recommendations for the representatives described in subsection (5)(b) from any municipality and county whose residents are included in the designated water service area.
7. A municipality that supplies water to another entity on a wholesale basis or that provides water to retail customers outside of its designated water service area shall do so only by contract and shall include in the contract the terms and conditions under which the contract can be terminated.