

## **SECTION 1:**

### **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) 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).

## **SECTION 2:**

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

(1) For purposes of this section:

(a) “Retail customer” means an end user who receives culinary water directly from a municipality’s waterworks system and is billed by the municipality for water service.

(b) “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) 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:

(a) ~~post on its website~~ create and maintain 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;~~ municipality and shall:

(i) transmit a copy of the map or maps to the state engineer; and

(ii) post the map or maps on its website if it has more than 500 retail customers;

(b) define, by ordinance, those areas included in its designated water service area;

(c) adopt by ordinance the municipality’s ~~policies~~ rules and regulations applicable to its designated water service area and to retail customers located outside of its designated water service area; and

(d) adopt, by ordinance, reasonable water rates for retail customers in its designated water service area as provided in Section 10-8-22.

- (4) Within its designated water service area, a municipality shall:
- (a) provide service to all retail customers ~~in an equitable manner~~, including the initiation and termination of water service, ~~in a manner consistent with principles of equal protection~~; and
  - (b) ~~equitably~~ apply restrictions on water use to all retail customers in times of anticipated or actual water shortages ~~in a manner consistent with principles of equal protection~~.
- (5) Nothing in this section:
- (a) precludes a municipality from enacting service or other restrictions affecting localized areas or the entire area of its designated water service area based on ~~operations, operational or maintenance, or needs~~, emergency situations, ~~or to address health, safety and general welfare needs~~; or
  - (b) expands or diminishes the ability of a municipality to enter into a contract to supply water outside of the municipality's designated water service area.
- (6) A municipality may not sell or convey an interest in part or all of its waterworks system except to a public entity as defined in Section 73-1-4(1).

### **SECTION 3:**

#### **10-8-22 Water rates.**

- (1) For purposes of this section:
- (a) "Large municipal drinking water system" means a municipally owned and operated drinking water system serving a population of 10,000 or more.
  - (b) "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:
- (a) establish, by ordinance, reasonable rates for the services provided to its retail customers;
  - (b) use the same method of providing notice to all retail customers of proposed rate changes; and
  - (c) 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.
- (a) ~~Examples of a~~ reasonable basis for charging different rates ~~may include, among other things~~:
    - (i) Differences in the cost of providing service to a particular class;
    - (ii) Whether one class bears more risk in relation to system operations or obligations;
    - (iii) Investments made by one class to ~~acquire water sources and supply or build or maintain the system that are different from another class~~;
    - (iv) 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~~and
    - (v) A differential based on other cost of service standards or industry accepted rate setting methods.
  - (b) 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~~customers within a large municipal drinking water system's designated water service area are located outside of the municipality's corporate boundary, the municipality shall:
- (a) post on its website the rates assessed to retail customers within the designated water service area;
  - (b) establish an advisory board to make recommendations to the municipal legislative body for water rates, capital projects and other water service standards;
  - (c) include on the advisory board representatives of retail customers within the designated water service area whose connections are located outside of the municipal boundary as follows:
    - (i) If more than ten percent but less than thirty percent of the ~~total~~-retail ~~water connections~~customers are outside of the municipal boundary, then a minimum of twenty percent of the advisory board members shall represent such customers; or
    - (ii) If thirty percent or more of the ~~total~~-retail ~~water connections~~customers are outside of the municipal boundary, then a minimum of forty percent of the advisory board members shall represent such customers; and
  - (d) solicit recommendations for the representatives described in subsection (6)(c) from any municipality and county whose residents are ~~included in~~retail customers within the designated water service area.
- (7) A municipality that supplies water 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.

#### **Section 4: New Section**

73-5-16: The state engineer shall publish conspicuously on the state engineer's website the map or maps submitted by a municipality pursuant to Section 10-7-14(3)(a).

#### **Section 5. Delayed Effective Date**

This bill takes effect on January 1, 2021, if the amendment to the Utah Constitution proposed by \*\*\*\*\*, 2019 General Session, passes the Legislature and is approved by a majority of those voting on it at the next regular general election.