

**CHAPTER 1172****WATER DISTRICTS, UTILITIES, AND ASSOCIATIONS***H.F. 2395*

**AN ACT** permitting certain water utilities to become cooperatives, restricting the exemption from the application of the provisions of chapter 476 for persons furnishing electricity to five or fewer customers to those such persons who are furnishing the electricity by secondary line, from an alternate energy production facility, or small hydro facility, and expanding allowable purposes under chapter 499.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 357A.21, Code Supplement 1987, is amended to read as follows:  
357A.21 ANNEXATION OF LAND BY A CITY — ARBITRATION.

A water district organized under chapter 357, 357A, 499, or 504A shall be fairly compensated for losses resulting from annexation. The governing body of a city or water utility and the board of directors or trustees of the water district may agree to terms which provide that the facilities owned by the water district and located within the city shall be retained by the water district for the purpose of transporting water to customers outside the city. If an agreement is not reached within ninety days, the issues shall be submitted to arbitration. An arbitrator shall be selected by a committee which includes one member of the governing body of the city or its designee, one member of the water district's board of directors or trustees or its designee, and a disinterested party selected by the other two members of the committee. A list of qualified arbitrators may be obtained from the American arbitration association or other recognized arbitration organization or association.

Sec. 2. Section 476.1, subsection 3, unnumbered paragraph 3, Code 1987, is amended to read as follows:

This chapter does not apply to water works having less than two thousand customers, municipally owned water works, or rural water districts incorporated and organized pursuant to chapters 357A and 504A, cooperative water associations incorporated and organized pursuant to chapter 499, or to a person furnishing electricity to five or fewer customers either by secondary line or from an alternate energy production facility or small hydro facility, from electricity that is produced primarily for the person's own use.

Sec. 3. Section 499.5, Code 1987, is amended to read as follows:  
499.5 PERMISSIBLE ORGANIZERS.

1. Five or more individuals, or two or more associations, may organize an association.

2. All individual incorporators of agricultural associations must be engaged in producing agricultural products, which term shall include phrase includes landlords and tenants as specified in section 499.13.

3. A nonprofit water utility organized under chapter 357A or 504A may elect to become an association under this chapter upon majority vote of its members by filing with the secretary of state a verified statement confirming the election and appropriate articles of incorporation. However, the association is subject to the service limitation provisions contained in sections 357.1 and 357A.2.

Sec. 4. **NEW SECTION.** 499.5A WATER UTILITIES — MEMBERS OF FEDERATED ASSOCIATIONS.

Notwithstanding section 499.13, a water utility organized under this chapter and a municipal water utility may be a member of a federated association.

Sec. 5. Section 499.6, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

## 499.6 OBJECTS.

A cooperative association may be organized under this chapter for any lawful purpose or purposes.

Approved May 6, 1988

---

**CHAPTER 1173****CABLE SYSTEM, TELEGRAPH, AND TELEPHONE LINE CONSTRUCTION***H.F. 2387*

**AN ACT** relating to the construction of cable systems and telegraph and telephone lines in the state.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 477.1, Code 1987, is amended to read as follows:

**477.1 RIGHT OF WAY.**

Any person, ~~or~~ firm, and ~~any~~ corporation ~~organized for such purpose~~, within or without the state, may construct a telegraph or telephone line or cable system along the public roads of the state, or across or under the rivers or over, under, or through any lands belonging to the state or any private individual, and may erect ~~the~~ or install necessary fixtures ~~therefor~~. However, construction of a telegraph or telephone line or cable system along a primary road is subject to rules adopted by the state department of transportation.

Sec. 2. Section 477.2, Code 1987, is amended to read as follows:

**477.2 REMOVAL OF LINES AND CABLE SYSTEMS.**

When any road along which ~~said~~ the telegraph or telephone line or cable system has been constructed ~~shall be~~ or installed is changed, the person, firm or corporation shall, upon ninety days' notice in writing, remove said the telegraph or telephone lines or cable system to said the road as established. The notice may be served upon any agent or operator in the employ of ~~such~~ the person, firm or corporation.

Sec. 3. Section 477.3, Code 1987, is amended to read as follows:

**477.3 CONSTRUCTION — INSTALLATION — DAMAGES.**

~~Such~~ The fixtures shall not be ~~so~~ constructed as to or installed in a manner which causes inconvenience to the public in the use of any road or in the navigation of any stream; nor shall they be set up erected or installed on the private grounds of any individual without paying the individual a just equivalent for the damage the individual thereby sustains by the construction or installation.

Sec. 4. Section 477.4, Code 1987, is amended to read as follows:

**477.4 CONDEMNATION.**

If the person over or through whose lands ~~such~~ this telegraph or telephone line or cable system passes claims more damages therefor than the proprietor of such the line or cable system is willing to pay, the amount thereof of damages sustained may be determined in the same manner as provided for taking private property for works of internal improvement.

Approved May 6, 1988