

CHAPTER 62
MUNICIPAL UTILITIES REGULATION
S.F. 355

AN ACT relating to municipal utilities, by restricting the regulatory authority of the Iowa utilities board with regard to certain services, and authorizing city utilities to require deposits for gas or electric services for residential rental properties.

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

Section 1. Section 384.84, subsection 3, Code 2017, is amended to read as follows:

3. a. A city utility or enterprise service to a property or premises, including services of sewer systems, storm water drainage systems, sewage treatment, solid waste collection, water, solid waste disposal, or any of these services, may be discontinued or disconnected if the account for the service becomes delinquent. Gas or electric service provided by a city utility or enterprise shall be discontinued or disconnected only as provided by [section 476.20, subsections 1 through 4](#), and discontinuance or disconnection of those services are is subject to rules adopted by the utilities board of the department of commerce.

b. If more than one city utility or enterprise service is billed to a property or premises as a combined service account, all of the services may be discontinued or disconnected if the account becomes delinquent.

c. A city utility or enterprise service to a property or premises shall not be discontinued or disconnected unless prior written notice is sent, by ordinary mail, to the account holder in whose name the delinquent rates or charges were incurred, informing the account holder of the nature of the delinquency and affording the account holder the opportunity for a hearing prior to discontinuance or disconnection of service. If the account holder is a tenant, and if the owner or landlord of the property or premises has made a written request for notice, the notice shall also be given to the owner or landlord. If the account holder is a tenant and requests a change of name for service under the account, such request shall be sent to the owner or landlord of the property if the owner or landlord has made a written request for notice of any change of name for service under the account to the rental property.

d. (1) If a delinquent amount is owed by an account holder for a utility service associated with a prior property or premises, a city utility, city enterprise, or combined city enterprise may withhold service from the same account holder at any new property or premises until such time as the account holder pays the delinquent amount owing on the account associated with the prior property or premises. A city utility, city enterprise, or combined city enterprise shall not withhold service from, or discontinue or disconnect service to, a subsequent owner who obtains fee simple title of the prior property or premises unless such delinquent amount has been certified in a timely manner to the county treasurer as provided in [subsection 4, paragraph "a", subparagraphs \(1\) and \(2\)](#).

(2) Delinquent amounts that have not been certified in a timely manner to the county treasurer are not collectible against any subsequent owner of the property or premises.

e. (1) A legal entity created pursuant to [chapter 28E](#) by a city or cities, or other political subdivisions, and public or private agencies for the purposes of providing wastewater, sewer system, storm water drainage, or sewage treatment services shall have the same powers and duties as a city utility or enterprise under [this subsection](#) with respect to account holders and subsequent owners, or with respect to properties and premises, associated with a delinquent account under [this subsection](#).

(2) The governing body of a city utility, combined city utility, city enterprise, or combined city enterprise may enter into an agreement with a legal entity described in subparagraph (1) to discontinue or disconnect water service to a property or premises if an account owed the legal entity for wastewater, sewer system, storm water drainage, or sewage treatment services provided to that customer's property or premises becomes delinquent. The customer shall be responsible for all costs associated with discontinuing or disconnecting and reestablishing water service disconnected pursuant to this paragraph "e".

(3) This paragraph "e" shall not apply to a property or premises if, prior to July 1, 2015, the account holder for that property or premises had an established account with a legal entity

described in subparagraph (1) for the provision of wastewater, sewer system, storm water drainage, or sewage treatment services to the property or premises.

f. (1) A legal entity providing wastewater, sewer system, storm water drainage, or sewage treatment services to a city or cities or other political subdivisions pursuant to a franchise or other agreement shall have the same powers and duties as a city utility or enterprise under [this subsection](#) with respect to account holders and subsequent owners, or with respect to properties and premises, associated with a delinquent account under [this subsection](#).

(2) The governing body of a city utility, combined city utility, city enterprise, or combined city enterprise may enter into an agreement with a legal entity described in subparagraph (1) to discontinue or disconnect water service to a property or premises if an account owed the legal entity for wastewater, sewer system, storm water drainage, or sewage treatment services provided to that customer's property or premises becomes delinquent. The customer shall be responsible for all costs associated with discontinuing or disconnecting and reestablishing water service disconnected pursuant to this paragraph "f".

(3) This paragraph "f" shall not apply to a property or premises if, prior to July 1, 2015, the account holder for that property or premises had an established account with a legal entity described in subparagraph (1) for the provision of wastewater, sewer system, storm water drainage, or sewage treatment services to the property or premises.

Sec. 2. Section 384.84, subsection 4, paragraphs b and e, Code 2017, are amended to read as follows:

b. The lien under paragraph "a" may be imposed upon a property or premises even if a city utility or enterprise service to the property or premises has been or may be discontinued or disconnected as provided in [this section](#).

e. Residential rental property where a charge for any of the services of sewer systems, storm water drainage systems, sewage treatment, solid waste collection, and solid waste disposal is paid directly to the city utility or enterprise by the tenant is exempt from a lien for delinquent rates or charges associated with such services if the landlord gives written notice to the city utility or enterprise that the property is residential rental property and that the tenant is liable for the rates or charges. A city utility or enterprise may require a deposit not exceeding the usual cost of ninety days of the services of sewer systems, storm water drainage systems, sewage treatment, solid waste collection, and solid waste disposal to be paid to the utility or enterprise. A city utility or enterprise may require a deposit not exceeding the usual cost of sixty days of the services of gas and electric to be paid to the utility or enterprise. Upon receipt, the utility or enterprise shall acknowledge the notice and deposit. A written notice shall contain the name of the tenant responsible for the charges, the address of the residential rental property that the tenant is to occupy, and the date that the occupancy begins. A change in tenant shall require a new written notice to be given to the city utility or enterprise within thirty business days of the change in tenant. When the tenant moves from the rental property, the city utility or enterprise shall return the deposit if the charges for the services of gas, electric, sewer systems, storm water drainage systems, sewage treatment, solid waste collection, and solid waste disposal are paid in full. A change in the ownership of the residential rental property shall require written notice of such change to be given to the city utility or enterprise within thirty business days of the completion of the change of ownership. The lien exemption for rental property does not apply to charges for repairs related to a service of sewer systems, storm water drainage systems, sewage treatment, solid waste collection, and solid waste disposal if the repair charges become delinquent.

Sec. 3. Section 384.84, subsection 8, paragraphs b and c, Code 2017, are amended to read as follows:

b. Two or more city utilities, combined utility systems, city enterprises, or combined city enterprises, including city utilities established pursuant to [chapter 388](#), may contract pursuant to [chapter 28E](#) for joint billing or collection, or both, of combined service accounts for utility or enterprise services, or both. The contracts may provide for the discontinuance or disconnection of one or more of the city utility or enterprise services if a delinquency occurs in the payment of any charges billed under a combined service account.

c. One or more city utilities or combined utility systems, including city utilities established pursuant to [chapter 388](#), may contract pursuant to [chapter 28E](#) with one or more sanitary districts established pursuant to [chapter 358](#) for joint billing or collection, or both, of combined service accounts from utility services and sanitary district services. The contracts may provide for the discontinuance or disconnection of one or more of the city water utility services or sanitary district services if a delinquency occurs in the payment of any charges billed under a combined service account.

Sec. 4. Section 476.1B, subsection 1, paragraph e, Code 2017, is amended to read as follows:

e. Disconnection of service, as set forth in [section 476.20, subsections 1 through 4](#).

Sec. 5. Section 476.20, subsection 5, paragraph a, unnumbered paragraph 1, Code 2017, is amended to read as follows:

The board shall establish rules which shall be uniform with respect to all public utilities furnishing gas or electricity relating to deposits which may be required by the public utility for the initiation or reinstatement of service. This subsection shall not apply to municipally owned utilities, which shall be governed by the provisions of [section 384.84](#) with respect to deposits and payment plans for delinquent amounts owed. Municipally owned utilities shall not be subject to the board's rules in regards to deposits and payment plans for delinquent amounts owed and repayment of past due debt. Municipally owned utilities shall be subject to the board's rules in regards to payment plans made prior to the disconnection of services.

Approved April 13, 2017