

**House File 2398 - Introduced**

HOUSE FILE 2398  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 554)

(COMPANION TO SF 2221 BY  
COMMITTEE ON COMMERCE)

**A BILL FOR**

1 An Act relating to public utilities and sanitary sewage or  
2 storm water drainage disposal system providers.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 476.1, subsection 3, Code 2016, is  
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. *d.* Furnishing sanitary sewage or storm water  
4 drainage disposal by piped collection system to the public for  
5 compensation.

6 Sec. 2. Section 476.1, subsection 5, Code 2016, is amended  
7 to read as follows:

8 5. ~~This chapter~~ does not apply to ~~waterworks having less~~  
9 ~~than two thousand customers,~~ municipally owned waterworks,  
10 waterworks having less than two thousand customers, joint water  
11 utilities established pursuant to chapter 389, rural water  
12 districts incorporated and organized pursuant to chapters  
13 357A and 504, cooperative water associations incorporated and  
14 organized pursuant to chapter 499, municipally owned sanitary  
15 sewage or storm water drainage systems, sanitary districts  
16 incorporated and organized pursuant to chapter 358, districts  
17 organized pursuant to chapter 468, or to a person furnishing  
18 electricity to five or fewer customers either by secondary line  
19 or from an alternate energy production facility or small hydro  
20 facility, from electricity that is produced primarily for the  
21 person's own use.

22 Sec. 3. Section 476.8, unnumbered paragraph 1, Code 2016,  
23 is amended to read as follows:

24 Every public utility is required to furnish reasonably  
25 adequate service and facilities. *"Reasonably adequate service*  
26 *and facilities"* for public utilities furnishing gas or  
27 electricity includes programs for customers to encourage the  
28 use of energy efficiency and renewable energy sources. The  
29 charge made by any public utility for any heat, light, gas,  
30 energy efficiency and renewable energy programs, water or  
31 power produced, transmitted, delivered or furnished, sanitary  
32 sewage or storm water collected and treated, or communications  
33 services, or for any service rendered or to be rendered in  
34 connection therewith shall be reasonable and just, and every  
35 unjust or unreasonable charge for such service is prohibited

1 and declared unlawful. In determining reasonable and just  
2 rates, the board shall consider all factors relating to value  
3 and shall not be bound by rate base decisions or rulings made  
4 prior to the adoption of [this chapter](#).

5 Sec. 4. Section 476.9, subsection 2, Code 2016, is amended  
6 to read as follows:

7 2. Every public utility engaged directly or indirectly in  
8 any other business than that of the production, transmission,  
9 or furnishing of heat, light, water, or power, the collection  
10 and treatment of sanitary sewage or storm water, or the  
11 furnishing of communications services to the public shall,  
12 if required by the board, keep and render separately to the  
13 board in like manner and form the accounts of all such other  
14 business, in which case all the provisions of [this chapter](#)  
15 shall apply to the books, accounts, papers and records of such  
16 other business and all profits and losses may be taken into  
17 consideration by the board if deemed relevant to the general  
18 fiscal condition of the public utility.

19 EXPLANATION

20 The inclusion of this explanation does not constitute agreement with  
21 the explanation's substance by the members of the general assembly.

22 This bill modifies the definition of a public utility for  
23 purposes of the regulatory authority of the Iowa utilities  
24 board.

25 Currently, a "public utility" is defined in Code chapter 476  
26 to include any person, partnership, business association, or  
27 domestic or foreign corporation owning or operating facilities  
28 for the furnishing of specified services to the public for  
29 compensation. The services include furnishing gas by piped  
30 distribution system, electricity, communications services,  
31 and water by piped distribution system. The bill adds to  
32 this list the furnishing of sanitary sewage or storm water  
33 drainage disposal by piped collection system. The bill  
34 provides, however, that in addition to current exclusions  
35 from applicability, Code chapter 476 shall not apply to a

1 municipally owned sanitary sewage or storm water drainage  
2 system, a sanitary district incorporated and organized pursuant  
3 to Code chapter 358, or a levee and drainage district organized  
4 pursuant to Code chapter 468.

5 The bill makes conforming changes to include sanitary sewage  
6 or storm water collection and treatment in provisions requiring  
7 public utilities to furnish reasonably adequate service and  
8 facilities and in provisions requiring unrelated business  
9 accounting by utilities to the Iowa utilities board.