

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 2897

(SENATE AUTHORS: MARTY)

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OFFICIAL STATUS
Introduction and first reading
Referred to Environment and Natural Resources Policy and Legacy Finance

1.1 A bill for an act
1.2 relating to water; establishing the Municipal Water Consumer Protection Act;
1.3 amending Minnesota Statutes 2018, sections 116A.22; 444.075, subdivision 3e;
1.4 456.33; proposing coding for new law as Minnesota Statutes, chapter 444A.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2018, section 116A.22, is amended to read:

1.7 **116A.22 SERVICE CHARGES; SPECIAL ASSESSMENT AGAINST BENEFITED**
1.8 **PROPERTY.**

1.9 Charges established for connections to and the use and availability of service from any
1.10 water or sewer or combined system, if not paid when due, shall, together with any penalties
1.11 established for nonpayment, become a lien upon the property connected or for which service
1.12 was made available. On or before July 1 in each year written notice shall be mailed to the
1.13 owner of any property as to which such charges are then due and unpaid, stating the amount
1.14 of the charges and any penalty thereon and that unless paid by October 1 thereafter, or unless
1.15 a hearing is desired on the question whether such amount and penalty is properly due and
1.16 payable, the same will be certified, extended, and assessed as a tax or special assessment
1.17 upon the property for collection with and as a part of other taxes in the following year. Any
1.18 property owner requesting notice shall be notified of the time and place of such hearing,
1.19 and the county board, or the commission appointed pursuant to section 116A.24 shall then
1.20 hear all matters presented by the owner and determine the amount and penalty, if any, which
1.21 is properly due and payable, and shall cause the same to be certified, extended, and assessed
1.22 as stated in the notice. The county board or the commission may also provide by resolution
1.23 for discontinuance of water services to any premises in the event of nonpayment of charges

2.1 for any water or sewer service provided to the premises, ~~upon reasonable notice to the owner~~
 2.2 ~~and opportunity for hearing upon any claim that the charges are not properly due and payable~~
 2.3 as provided by section 444A.12.

2.4 Sec. 2. Minnesota Statutes 2018, section 444.075, subdivision 3e, is amended to read:

2.5 Subd. 3e. **Who may be charged; unpaid charges.** The governing body may make the
 2.6 charges a charge against the owner, ~~lessee, occupant or all of them~~ customer as defined
 2.7 under section 444A.02, subdivision 6, or the guarantor as defined under section 444A.02,
 2.8 subdivision 9, and may provide and covenant for certifying unpaid charges to the county
 2.9 auditor with taxes against the property served for collection as other taxes are collected.

2.10 Sec. 3. **[444A.01] SHORT TITLE.**

2.11 This chapter may be cited as the "Municipal Water Consumer Protection Act of 2019."

2.12 Sec. 4. **[444A.02] DEFINITIONS.**

2.13 Subdivision 1. **Applicability.** The terms defined in this section apply to this chapter.

2.14 Subd. 2. **Applicant.** "Applicant" means a natural person applying for new service.

2.15 Subd. 3. **Authorized personnel.** "Authorized personnel" means a person employed by,
 2.16 or under contract with, the municipal utility who wears a distinguishing uniform or insignia
 2.17 designating the person as an employee or contractor of the municipal utility and who displays
 2.18 an identification card with the photo of the person.

2.19 Subd. 4. **Business day.** "Business day" means Monday through Friday and excludes a
 2.20 holiday as defined under section 645.44.

2.21 Subd. 5. **Completed application.** "Completed application" means a written or oral
 2.22 application that contains all the information required by the municipal utility to make a
 2.23 determination whether to extend water service to the applicant.

2.24 Subd. 6. **Customer.** "Customer" means a natural person or persons contracting with a
 2.25 municipal utility for water service.

2.26 Subd. 7. **Disconnection.** "Disconnection" means the involuntary termination of water
 2.27 service for nonpayment of charges or violation of law, ordinance, rule, or policy.

2.28 Subd. 8. **Existing service.** "Existing service" means water service that is currently being
 2.29 provided or has been provided within the previous six months.

3.1 Subd. 9. **Guarantor.** "Guarantor" means a person other than the customer who guarantees
3.2 payment of charges for water service incurred by the customer.

3.3 Subd. 10. **Health care professional.** "Health care professional" means a licensed medical
3.4 doctor, a licensed physician assistant, an advanced practice registered nurse as defined in
3.5 section 148.171, or a registered nurse.

3.6 Subd. 11. **Inside meter.** "Inside meter" means a device for measuring water consumption
3.7 that is placed inside a living space that requires access to the living space for meter reading,
3.8 maintenance, repair, or replacement.

3.9 Subd. 12. **Municipal utility.** "Municipal utility" means any local unit of government,
3.10 as defined under section 18B.01, subdivision 14a, that contracts with or bills customers for
3.11 the provision of water service.

3.12 Subd. 13. **Municipal utility equipment.** "Municipal utility equipment" means any
3.13 equipment owned, leased, or controlled by a municipal utility for the purpose of providing
3.14 water service, including but not limited to meters, curb boxes, curb cocks, valves, valve
3.15 boxes, service pipes, outlets, treatment plants, pumps, lift stations, service connections,
3.16 mains, hydrants, wells, reservoirs, and tanks.

3.17 Subd. 14. **New service.** "New service" means water service that is not currently being
3.18 provided or has not been provided within the previous six months.

3.19 Subd. 15. **Owner.** "Owner" means the person holding legal title to a property that is
3.20 provided with water service by the municipal utility. Owner includes an agent of the person.

3.21 Subd. 16. **Person.** "Person" means a natural person.

3.22 Subd. 17. **Remote meter.** "Remote meter" means a device for measuring water
3.23 consumption that is placed in a location external to the living space that does not require
3.24 entry to the living space for meter reading, maintenance, repair, or replacement.

3.25 Subd. 18. **Remote transponder.** "Remote transponder" means an electronic device
3.26 located outside the living space being provided with water service that enables meters to
3.27 be read remotely through a telecommunications device.

3.28 Subd. 19. **Service connection.** "Service connection" means the equipment, including
3.29 pipes, necessary to connect a property to the municipal waterworks system.

3.30 Subd. 20. **Single-metered residential building.** "Single-metered residential building"
3.31 has the meaning given in section 504B.215, subdivision 1.

4.1 Subd. 21. **Voluntary disconnection.** "Voluntary disconnection" means disconnection
4.2 of service at the request of the customer.

4.3 Subd. 22. **Water service.** "Water service" means the connection, availability, and use
4.4 of residential water and sewer service, and all municipal utility equipment and appurtenances
4.5 necessary for the installation, delivery, metering, and billing of service.

4.6 **Sec. 5. [444A.03] POLICY.**

4.7 It is the policy of the state that water service, being essential to life and critical to human
4.8 health and well-being and provided exclusively by local units of government, is a right to
4.9 which all Minnesotans are entitled provided they meet established terms and conditions.

4.10 **Sec. 6. [444A.04] APPLICABILITY.**

4.11 This chapter applies to the provision of residential water service by a municipal utility.

4.12 **Sec. 7. [444A.05] PROVISION OF NEW SERVICE.**

4.13 Subdivision 1. **Obligation to serve.** A municipal utility must provide new service to
4.14 any applicant unless the municipal utility has a permissible reason under section 444A.06,
4.15 subdivision 2, to deny service.

4.16 Subd. 2. **Permissible reasons.** (a) A municipal utility may establish reasonable
4.17 requirements as a condition of obtaining new service, which may include, without limitation:

4.18 (1) completion of a written application;

4.19 (2) provision of sufficient proof of the applicant's identity;

4.20 (3) provision of information sufficient to identify the owner or agent of the owner of the
4.21 property to be served;

4.22 (4) the conspicuous display on the property of an official house number in accordance
4.23 with the records of the local unit of government, provided that temporary official numbers
4.24 will be accepted on new buildings; and

4.25 (5) a prerequisite that the customer obtain necessary permits or approvals.

4.26 (b) A customer with existing service who is moving to a new residence within the territory
4.27 served by the municipal utility and requesting service at the new location must not be asked
4.28 or required to complete a new application, provided that the municipal utility may require
4.29 that:

5.1 (1) the customer provide information sufficient to identify the owner or agent of the
5.2 owner of the property to be served; and

5.3 (2) the official house number is conspicuously displayed on the new residence in
5.4 accordance with the records of the local unit of government, provided that temporary official
5.5 numbers will be accepted on new buildings.

5.6 (c) A municipal utility must honor any payment or other agreement with respect to
5.7 existing water service that is in effect at the previous residence at the time the customer
5.8 moves to the new residence within the service territory.

5.9 Subd. 3. **Form of written application.** A municipal utility may determine the form of
5.10 a written application.

5.11 Subd. 4. **Eligible applicants.** (a) An owner or agent of the owner or a tenant may apply
5.12 for new service, except that an application can only be made by the owner where more than
5.13 one tenant is supplied with water service in a single-metered residential building.

5.14 (b) If the application for new service is made by a tenant, the municipal utility may,
5.15 before extending the service:

5.16 (1) verify the information supplied by the applicant, including the identity of the owner
5.17 or agent of the owner of the property to be served; and

5.18 (2) take reasonable steps to verify that the owner or agent of the owner is aware of and
5.19 consents to the application.

5.20 Subd. 5. **Guarantor.** (a) An applicant has the right to designate a guarantor. The
5.21 municipal utility must provide new service if all conditions of new service have been satisfied
5.22 and the guarantor does not owe money to the municipal utility for gas, electric, or water
5.23 bills on an account in the guarantor's name.

5.24 (b) A municipal utility is not required to accept payments from a guarantor, or provide
5.25 copies of bills and disconnection notices to a third party, unless the guarantor or third party
5.26 provides, either directly or through the applicant, written consent to act in the designated
5.27 capacity.

5.28 Subd. 6. **Third-party notice.** An applicant has the right to designate a third party, which
5.29 may or may not be the guarantor, to receive copies of bills and disconnection notices.

5.30 Subd. 7. **Information to applicants.** At the time application is made, a municipal utility
5.31 must provide applicants with summary information, in plain language, about customer rights
5.32 and responsibilities, including, at a minimum, information about deferred payments, cold

6.1 weather rule protections, deposit rules, when disconnection is permissible, the right to
 6.2 designate a guarantor, the right to designate a third party to receive notices of disconnection,
 6.3 and dispute resolution procedures.

6.4 Subd. 8. **Service connections.** (a) A municipal utility may require the applicant to obtain
 6.5 any permits required by law, rule, ordinance, resolution, or written policy prior to installing
 6.6 a service connection.

6.7 (b) A municipal utility may:

6.8 (1) establish technical specifications for the installation of service connections; and

6.9 (2) require that installation be performed by a duly authorized person or a person with
 6.10 a specific type of credential, including but not limited to a plumber or master plumber.

6.11 Subd. 9. **Initiation of service.** A municipal utility must initiate service within a reasonable
 6.12 time after receiving a completed application, unless prevented by weather or other extenuating
 6.13 conditions.

6.14 Subd. 10. **Implied contract; implied consent.** An applicant who applies for new service,
 6.15 if approved, is deemed, by virtue of acceptance of service, to:

6.16 (1) enter into an implied contract with the municipal utility for the provision of water
 6.17 service; and

6.18 (2) consent to abide by all rates, laws, rules, ordinances, resolutions, and written policies,
 6.19 as they exist at the time of acceptance or as they may be amended.

6.20 **Sec. 8. [444A.06] DENIAL OF SERVICE.**

6.21 Subdivision 1. **Notification of applicant.** A municipal utility denying new service must,
 6.22 within seven days after receiving a completed application:

6.23 (1) notify the applicant of the denial;

6.24 (2) specify the reason or reasons for the denial; and

6.25 (3) specify what steps the applicant may take, if any, to qualify for new service.

6.26 Subd. 2. **Permissible reasons to deny service.** A municipal utility may deny new service
 6.27 only if the applicant:

6.28 (1) fails to:

6.29 (i) submit a completed application;

6.30 (ii) provide sufficient proof of the applicant's identity;

7.1 (iii) provide information sufficient to identify the owner or the agent of the owner of the
 7.2 property to be served;

7.3 (iv) furnish a safe and suitable location for a meter;

7.4 (v) pay a lawfully required deposit;

7.5 (vi) comply with any written policy or requirement for the provision of water service
 7.6 not in conflict with this chapter; or

7.7 (vii) conspicuously display the official house number on the property in accordance with
 7.8 the records of the municipality, provided that temporary official numbers will be accepted
 7.9 on new buildings;

7.10 (2) knowingly provides false information on an application;

7.11 (3) owes money to the municipal utility for charges on a previous water account in the
 7.12 applicant's name; or

7.13 (4) violates any law, rule, ordinance, resolution, or written policy for the provision of
 7.14 water service.

7.15 Subd. 3. **Impermissible reasons to deny service.** A municipal utility must not deny
 7.16 new service:

7.17 (1) notwithstanding any other provision of law, for unpaid water bills incurred by a
 7.18 previous customer or owner on an account that was not in the applicant's name or for which
 7.19 the applicant was not a guarantor, provided that the previous customer no longer resides in
 7.20 the property to be served; or

7.21 (2) based on credit history unrelated to the payment of water bills.

7.22 Sec. 9. **[444A.07] DEPOSITS FOR NEW AND EXISTING SERVICE.**

7.23 Subdivision 1. **Restriction on requiring deposits for service.** (a) A municipal utility
 7.24 must not require a deposit as a condition of extending new service unless the applicant owes
 7.25 money to the municipal utility for water, electric, or natural gas charges on an account in
 7.26 the applicant's name, provided that no deposit may be required:

7.27 (1) if the outstanding charges were accrued more than six years prior to the date of the
 7.28 application;

7.29 (2) if the applicant and the municipal utility have agreed on a repayment plan for the
 7.30 outstanding charges; or

8.1 (3) until any dispute as to the liability of the applicant for the outstanding charges has
8.2 been resolved.

8.3 (b) A municipal utility may require a deposit as a condition of continuing existing service
8.4 only if a customer:

8.5 (1) is two consecutive billing periods in arrears;

8.6 (2) has been involuntarily disconnected within the previous 12 months for nonpayment
8.7 charges for water service or a willful violation of law, rule, resolution, written policy, or
8.8 written conditions of service;

8.9 (3) has falsified information on an application;

8.10 (4) has been found in an administrative or judicial forum, or has admitted in writing, to
8.11 have committed any acts listed under section 325E.026; or

8.12 (5) has damaged any municipal utility equipment used in the provision of water service.

8.13 Subd. 2. **Notice.** A municipal utility must notify applicants or customers in writing:

8.14 (1) of the reason a deposit is being requested;

8.15 (2) what actions, if any, the customer may take to avoid the necessity to pay the deposit;
8.16 and

8.17 (3) the procedures to follow to dispute the request for the deposit.

8.18 Subd. 3. **Amount of deposit.** A municipal utility may establish the amount of a deposit,
8.19 provided it does not exceed 1/12 of the actual or estimated annual usage.

8.20 Subd. 4. **Payment of deposit by certain customers.** A municipal utility may waive the
8.21 requirement of a deposit for any new or existing customer who receives public assistance
8.22 or who demonstrates a hardship. A municipal utility requiring a deposit from any new or
8.23 existing customer who receives public assistance or who demonstrates a hardship must
8.24 allow the customer to pay the deposit in equal monthly installments over a period of at least
8.25 12 months.

8.26 Subd. 5. **Return of deposit.** (a) A municipal utility must return a deposit within the time
8.27 period provided under section 325E.02 to a customer:

8.28 (1) who makes timely payments for one year following the full payment of the deposit;
8.29 or

8.30 (2) following a voluntary or involuntary disconnection of service, provided that the
8.31 municipal utility may perform an inspection of the inside or remote meter prior to returning

9.1 the deposit and may withhold any amounts necessary to replace or repair a meter damaged
 9.2 by the customer.

9.3 (b) A municipal utility may determine the instrument used to refund the deposit to a
 9.4 customer terminating service, provided the municipal utility may retain any portion of the
 9.5 deposit required to cover:

9.6 (1) unpaid balances; and

9.7 (2) the cost of repair or replacement of municipal utility equipment damaged by the
 9.8 customer.

9.9 (c) A municipal utility must provide the option to an existing customer to have the deposit
 9.10 returned in full directly or through the issuance of a credit against future bills.

9.11 Subd. 6. **Interest.** A municipal utility must pay interest on a deposit on the conditions
 9.12 and at the rate specified under section 325E.02.

9.13 **Sec. 10. [444A.08] METERS AND METERING.**

9.14 Subdivision 1. **Meter required.** All water to a residential property must be supplied
 9.15 through an accurate water meter. A water meter is accurate if it registers water consumption
 9.16 within a tolerance of plus or minus two percent.

9.17 Subd. 2. **Installation.** A municipal utility, using its own authorized personnel or
 9.18 contractor, must, at its own cost, furnish and install all inside meters and, if deemed necessary
 9.19 by the municipal utility, any remote meters and transponders.

9.20 Subd. 3. **Ownership, maintenance, repair, and replacement.** (a) All transponders and
 9.21 meters, other than remote meters not deemed necessary by the municipal utility, must be
 9.22 owned by the municipal utility and must remain municipal utility equipment.

9.23 (b) A municipal utility is responsible for the ordinary maintenance and repair or
 9.24 replacement of all meters, other than remote meters not deemed necessary by the municipal
 9.25 utility, and transponders, except as provided under section 444A.15, subdivision 4.

9.26 (c) A municipal utility may remove a meter for testing, recalibration, replacement, or
 9.27 to change the size or type of the meter.

9.28 Subd. 4. **Meter deposit.** (a) A municipal utility may request a reasonable meter deposit
 9.29 as a condition of extending new or continuing existing water service.

9.30 (b) The municipal utility may waive the requirement of a meter deposit for any new or
 9.31 existing customer who receives public assistance or who demonstrates a hardship. A

10.1 municipal utility requiring a deposit from any new or existing customer who receives public
10.2 assistance or who demonstrates a hardship must allow the customer to pay the deposit in
10.3 equal monthly installments over a period of at least 12 months.

10.4 Subd. 5. **Remote meters installed by customers.** Where a remote meter is not deemed
10.5 necessary by a municipal utility but is desired by a customer, the customer, with the approval
10.6 of the municipal utility, must furnish, install, own, and pay the installation, repair, and, if
10.7 necessary, replacement costs for the meter.

10.8 Subd. 6. **Reading.** (a) A municipal utility must make all reasonable efforts to obtain
10.9 actual readings. A municipal utility may provide for readings provided by customers via
10.10 postcard, phone, e-mail, or other means the municipal utility deems suitable.

10.11 (b) The inside meter reading takes precedence over a reading of the remote meter if there
10.12 is a discrepancy between the two meter readings.

10.13 Subd. 7. **Testing.** (a) A customer may request a meter test if the customer is dissatisfied
10.14 with the municipal utility's response to a billing complaint based on an allegation of meter
10.15 inaccuracy. No charge may be demanded or collected for the first test within any 12-month
10.16 period. The results of the meter test must be reported to the customer.

10.17 (b) A customer must be informed of the right to be present at the meter test. If the results
10.18 show that the meter was operating outside the acceptable tolerance, the municipal utility
10.19 must make a billing adjustment as provided under section 444A.09, subdivision 6.

10.20 (c) A reasonable fee may be charged for a second test requested within any 12-month
10.21 period, except that the fee must be refunded to the customer if the meter test shows the
10.22 meter is inaccurate and a billing adjustment is warranted.

10.23 (d) During the test period, a municipal utility must bill the customer based on consumption
10.24 during the corresponding billing period of the previous year or, if no substitute measuring
10.25 device is used, on any other reasonable means of estimation.

10.26 **Sec. 11. [444A.09] BILLING.**

10.27 Subdivision 1. **Responsible party.** No person other than the customer or a guarantor
10.28 may be held liable for charges for water service, except that a municipal utility may provide
10.29 and covenant for certifying unpaid charges to the county auditor with taxes against a property
10.30 served for collection as other taxes are collected pursuant to section 444.075, subdivision
10.31 3e.

11.1 Subd. 2. **Due date.** A bill for water service must be due no earlier than 23 days after the
11.2 billing date, provided that if the due date falls on a Saturday, Sunday, or holiday, or any
11.3 day that the business office where payments may be made is closed, the due date must be
11.4 the next business day.

11.5 Subd. 3. **Nonreceipt of bills.** The failure of a customer to receive a bill does not relieve
11.6 the customer of the obligation to pay for the water service provided, but a municipal utility
11.7 must not impose a late charge for any bill not received.

11.8 Subd. 4. **Estimated bills.** A municipal utility must make diligent efforts to obtain actual
11.9 meter readings, but may render estimated bills if access to the customer's meter is
11.10 unobtainable, the meter fails to register or accurately measure actual consumption, or the
11.11 customer fails to supply the meter readings. Estimated bills must be based on consumption
11.12 history for a corresponding period, or, if insufficient history is available to make a reasonable
11.13 estimate, on any other reasonable means of estimation.

11.14 Subd. 5. **Budget payment plans.** A municipal utility that bills monthly may offer
11.15 customers the option to pay bills under a budget payment plan that divides annual estimated
11.16 consumption into approximately equal monthly payments and may offer a budget payment
11.17 plan encompassing past and future estimated charges for water service for an existing
11.18 customer in arrears.

11.19 Subd. 6. **Overcharges and undercharges.** (a) When a customer has been overcharged
11.20 or undercharged as a result of a billing error or inaccurate meter, the amount of the overcharge
11.21 must be refunded to the customer or the amount of the undercharge may be billed to the
11.22 customer as provided in this subdivision.

11.23 (b) In the event of an overcharge, a municipal utility must refund the difference between
11.24 what the customer was charged and what the customer should have been charged, plus
11.25 interest at the rate specified under section 325E.02, dating back:

11.26 (1) three years from the date of discovery of the error, if the municipal utility ascertains
11.27 the overcharge occurred for more than three years from the date of discovery; or

11.28 (2) to an earlier date if the date the error first occurred can be fixed with reasonable
11.29 certainty.

11.30 (c) Where an undercharge was not caused by tampering, fraud, or theft by the customer
11.31 or a resident of the customer's household, a municipal utility:

11.32 (1) may recover the difference between what the customer was charged and what the
11.33 customer should have been charged, dating back:

12.1 (i) one year from the date of discovery of the error, if the municipal utility determines
 12.2 the undercharge occurred for at least one year from the date of discovery; or

12.3 (ii) to an earlier date if the date the error first occurred can be fixed with reasonable
 12.4 certainty;

12.5 (2) must not bill or recover for any undercharge incurred after the date of a customer
 12.6 inquiry or complaint concerning the billing if the municipal utility failed to timely investigate
 12.7 the inquiry or complaint and the inquiry or complaint resulted in the discovery of the
 12.8 undercharge;

12.9 (3) must offer an installment payment agreement for the amount of the undercharge that
 12.10 covers a period equal to the time over which the undercharge occurred or a different time
 12.11 period that is mutually agreeable to the municipal utility and the customer, except that the
 12.12 duration of the installment payment agreement offered by a municipal utility to a customer
 12.13 whose household income is at or below 50 percent of state median household income may
 12.14 be extended and must be based on the financial circumstances of the customer's household;
 12.15 and

12.16 (4) must not charge interest or any delinquency fee.

12.17 (d) Where an undercharge occurred as a result of tampering, fraud, or theft by the
 12.18 customer or a resident of the customer's household, a municipal utility:

12.19 (1) may bill and recover the difference between what the customer was charged and
 12.20 what the customer should have been charged dating back six years or an earlier date if the
 12.21 date the error first occurred can be fixed with reasonable certainty;

12.22 (2) is not obligated to offer a payment agreement for recovery of the undercharge; and

12.23 (3) may charge interest at a rate provided under section 325E.02.

12.24 Subd. 7. **Return of overpayments and refund of overcharges.** A municipal utility
 12.25 may provide any refund resulting from an overpayment or overcharge in the form of a credit
 12.26 against future billings, unless service has been either voluntarily or involuntarily
 12.27 disconnected, in which case the refund must be provided directly to the former customer.

12.28 Subd. 8. **Partial payments.** A municipal utility must accept partial payments on an
 12.29 account and, if there are arrears on the account, may determine how to apply them provided
 12.30 that payments:

12.31 (1) must not be applied to arrears for which a payment agreement is in effect; and

12.32 (2) must be applied in the manner most likely to avert disconnection.

13.1 Subd. 9. **Early payment discount.** A municipal utility may offer a discount for early
13.2 payment, but must not recover the difference between the actual rate and the discounted
13.3 rate from other ratepayers.

13.4 Subd. 10. **Request for voluntary contributions.** A municipal utility may solicit and
13.5 accept contributions from customers or from private, nonprofit, or philanthropic
13.6 organizations. Voluntary contributions must be dedicated exclusively to support either
13.7 low-income rate discounts established under section 444A.13, subdivision 1, paragraph (b),
13.8 or affordability programs established under section 444A.14.

13.9 Sec. 12. **[444A.10] INSTALLMENT PAYMENT AGREEMENTS FOR ARREARS.**

13.10 Subdivision 1. **Installment payment agreements required.** A municipal utility must
13.11 offer customers in arrears the option to repay unpaid balances under an installment payment
13.12 agreement. Payment agreements between a municipal utility and a customer whose household
13.13 income is at or below 50 percent of state median income must be based on the financial
13.14 circumstances of the customer's household.

13.15 Subd. 2. **Modification of existing agreements.** A municipal utility may require an
13.16 upward modification of an existing installment payment upon actual knowledge that the
13.17 financial circumstances of the customer have changed to enable a larger installment payment.
13.18 A municipal utility, upon the request of a customer with an existing payment agreement,
13.19 must renegotiate a downward modification of the agreement if the customer documents an
13.20 adverse change in the customer's financial circumstances.

13.21 Subd. 3. **Customer default.** (a) After a customer first defaults on an installment payment
13.22 agreement, a municipal utility must offer the customer one opportunity to cure the default
13.23 by:

13.24 (1) reinstating the agreement; or

13.25 (2) modifying the agreement, if the customer meets the conditions set forth under
13.26 subdivision 2.

13.27 (b) A municipal utility may proceed with a disconnection that complies with section
13.28 444A.12, if the customer fails to cure the default or defaults after reinstating or modifying
13.29 the agreement.

13.30 Sec. 13. **[444A.11] COLLECTION OF UNPAID BILLS; LIENS; ASSESSMENTS.**

13.31 Subdivision 1. **Legal action.** A municipal utility may bring a civil action to collect
13.32 unpaid water service charges, provided the charges are not in dispute. A municipal utility

14.1 taking a legal action under this subdivision is not precluded from pursuing collection under
 14.2 section 116A.22.

14.3 Subd. 2. **Effect of failure to request deposit on lien.** The failure of a municipal utility
 14.4 to request a deposit has no effect on the creation of a lien under section 116A.22.

14.5 Subd. 3. **Effect of lien on application for new service.** The existence of a lien on a
 14.6 property does not impair the rights of an applicant for new service, unless:

14.7 (1) the new applicant was a customer at another property where an enforceable lien was
 14.8 created; or

14.9 (2) the customer whose unpaid charges for water service created the lien continues to
 14.10 reside in the property for which the new applicant seeks service.

14.11 **Sec. 14. [444A.12] DISCONNECTION OF WATER SERVICE.**

14.12 Subdivision 1. **Grounds.** (a) Except as provided in subdivision 4, a municipal utility
 14.13 may disconnect water service only for the following reasons:

14.14 (1) nonpayment of charges for water service;

14.15 (2) willful violation of law, rule, ordinance, resolution, or written policy for the provision
 14.16 of water service;

14.17 (3) if a condemnation order is issued or no valid certificate of occupancy is in effect; or

14.18 (4) failure to:

14.19 (i) comply with the terms of an installment payment agreement under section 444A.10;

14.20 (ii) make or pay for repairs as required by the municipal utility on customer-owned
 14.21 equipment necessary for the provision of water service after the municipal utility has provided
 14.22 written notice to make or pay for the repair;

14.23 (iii) pay charges imposed under section 444A.13;

14.24 (iv) display the house number of the residence after written notice has been provided to
 14.25 the owner of the premises; or

14.26 (v) cure a nonwillful violation of law, rule, ordinance, resolution, or written policy, after
 14.27 notice.

14.28 (b) A municipal utility must not disconnect water service:

14.29 (1) while a dispute or appeal is pending, provided the customer has paid the undisputed
 14.30 portion of the bill;

15.1 (2) before the municipal utility has offered an installment payment agreement that
 15.2 complies with section 444A.10 and the customer has failed to enter into the agreement;

15.3 (3) for nonpayment of charges incurred:

15.4 (i) for goods or services that are unrelated to the provision of water service;

15.5 (ii) for residential utility service other than water service;

15.6 (iii) for nonresidential water service; or

15.7 (iv) by a previous customer or owner of the property served, provided the customer or
 15.8 owner no longer resides at the premises;

15.9 (4) to a guarantor of service for nonpayment of the customer's bills; or

15.10 (5) if a customer provides payment of the amount necessary to avoid disconnection at
 15.11 the time of actual disconnection.

15.12 Subd. 2. **Notice and opportunity for hearing.** (a) Before disconnecting water service
 15.13 to a single-family dwelling for nonpayment, a municipal utility must serve personally, or
 15.14 by first class, certified, or registered mail, a written notice to the customer and to the owner
 15.15 of the property, if different from the customer, of the impending disconnection and of the
 15.16 opportunity for a hearing upon any claim that the charges are not properly due and payable.
 15.17 The notice must be in an easy-to-read format that uses clear and simple words with common
 15.18 and everyday meanings and that contains, at a minimum:

15.19 (1) the reason for the disconnection;

15.20 (2) the date of the scheduled disconnection;

15.21 (3) the amount due;

15.22 (4) a telephone number at the municipal utility to contact an employee with authority
 15.23 to resolve disputes and enter into payment agreements;

15.24 (5) a summary of rights and responsibilities, including the procedure for disputing a bill
 15.25 and the opportunity for a pre-disconnection hearing; and

15.26 (6) the steps the customer may take to avoid disconnection.

15.27 (b) During the period from April 16 through October 14, disconnection may take place
 15.28 no earlier than at least ten business days after a notice is personally served or at least 13
 15.29 business days after a notice is served by first class, certified, or registered mail.

16.1 (c) During the period from October 15 through April 15, disconnection may take place
16.2 no earlier than at least 20 business days after a notice is personally served or at least 23
16.3 business days after a notice is served by first class, certified, or registered mail.

16.4 (d) The notice becomes void if the municipal utility has not disconnected water service
16.5 within 30 days of the disconnection date specified in the notice.

16.6 Subd. 3. **Disconnection for maintenance or repairs.** A municipal utility must give
16.7 sufficient advance notice of a disconnection of water service for planned maintenance or
16.8 repairs that will cause an interruption in water service. To the extent feasible, the municipal
16.9 utility must give advance notice of unplanned maintenance or repairs that will cause an
16.10 interruption of or will restore water service.

16.11 Subd. 4. **Disconnection without notice.** A municipal utility may involuntarily disconnect
16.12 water service without notice only:

16.13 (1) if the municipal utility, after reasonable inquiry, determines that there has been
16.14 demonstrable:

16.15 (i) tampering with the meter or other municipal utility equipment; or

16.16 (ii) unauthorized use of water;

16.17 (2) in the case of fraud or material misrepresentation on an application;

16.18 (3) if the municipal utility, on credible belief and information, believes the property is
16.19 abandoned;

16.20 (4) in the event of a condition or emergency determined to be hazardous to the customer,
16.21 other customers, public or private property, municipal utility equipment, or the public; or

16.22 (5) if the customer has been found to have resold water services to another without
16.23 authorization from the municipal utility.

16.24 Subd. 5. **Health or safety threat.** (a) Notwithstanding any other provision, a municipal
16.25 utility must not disconnect, or refuse to reconnect, water service for nonpayment where:

16.26 (1) the customer's household income is at or below 50 percent of state median income
16.27 or the customer demonstrates an inability to make full payment for water service provided
16.28 within the time period allowed for payment;

16.29 (2) disconnection or failure to reconnect would cause a threat to the health or safety of
16.30 any resident of the customer's household;

17.1 (3) the municipal utility receives written certification, or initial certification by telephone
17.2 and written certification within five business days from a health care professional, that
17.3 failure to reconnect or continue service will impair or threaten the life, health, or safety of
17.4 the customer or a resident of the customer's household; and

17.5 (4) the customer agrees to enter into an installment payment agreement.

17.6 (b) A certification under paragraph (a), clause (3), is effective for one billing cycle.
17.7 Disconnection may proceed, with notice, unless a health care professional renews the
17.8 certification.

17.9 (c) The issuance of a certification does not relieve the customer of the obligation to make
17.10 full payment for all charges incurred.

17.11 (d) A municipal utility must not disconnect service to a customer where a health care
17.12 professional certifies that the disconnection of water service constitutes an imminent threat
17.13 to the life of the customer or any resident of the customer's household, regardless of any
17.14 arrears owed. A municipal utility may proceed with disconnection, with notice and consistent
17.15 with the other provisions of this section, after receiving certification from the health care
17.16 professional who issued the initial certification that there is no longer a threat to life.

17.17 Subd. 6. **Dishonored check.** (a) Prior to disconnecting water service for nonpayment
17.18 due to a dishonored check, a municipal utility must notify the customer that the check has
17.19 been dishonored and provide an opportunity to the customer to make payment. A municipal
17.20 utility may disconnect water service if payment is not made within five business days after
17.21 providing notice of the dishonored check, provided that the municipal utility has previously
17.22 complied with notice requirements under subdivision 2.

17.23 (b) A municipal utility is not required to comply with this subdivision following a second
17.24 incidence of receiving a dishonored check from the customer within any 12-month period.

17.25 Subd. 7. **Restrictions on disconnection.** (a) A municipal utility must not disconnect
17.26 water service:

17.27 (1) on a Friday, unless:

17.28 (i) the municipal utility, in person or via personal contact by telephone that day, has
17.29 offered an installment payment agreement; and

17.30 (ii) the customer has declined to enter into an installment payment agreement;

17.31 (2) on a weekend, holiday, or the day before a holiday; or

17.32 (3) when municipal utility offices are closed.

18.1 (b) A municipal utility may disconnect water service after the close of business on a day
18.2 when disconnection is permitted, provided either a field representative or office personnel
18.3 offers, and the customer declines to enter into, a payment agreement that complies with
18.4 section 444A.10.

18.5 Subd. 8. **Extreme weather rule.** (a) Between April 15 and the following October 15, a
18.6 municipal utility must not disconnect water service if:

18.7 (1) the customer's household income is at or below 50 percent of state median income;
18.8 and

18.9 (2) the customer enters into an installment payment agreement based on the financial
18.10 circumstances of the household, provided that the customer's installment payment toward
18.11 current and past due bills must not exceed ten percent of the customer's household's monthly
18.12 income.

18.13 (b) A municipal utility may verify the customer's income:

18.14 (1) through its own investigation;

18.15 (2) by accepting the signed statement from the customer that the customer meets the
18.16 income eligibility requirements; or

18.17 (3) by obtaining verification of income from a government agency that provides and
18.18 verifies eligibility for public assistance.

18.19 (c) A municipal utility must not disconnect water service when an excessive heat watch,
18.20 heat advisory, or excessive heat warning issued by the National Weather Service is in effect
18.21 for the county in which the customer resides.

18.22 Subd. 9. **Declaration of moratorium.** A municipal utility may declare a moratorium
18.23 on disconnections for all or a portion of the service area for any period of time if it determines
18.24 a moratorium is necessary to protect the health, safety, or welfare of the affected customers
18.25 or residents.

18.26 Subd. 10. **Reconnection of water service.** (a) Unless prevented by circumstances beyond
18.27 the municipal utility's control, water service must be reconnected within 24 hours of the
18.28 removal of the cause for the disconnection.

18.29 (b) A municipal utility must not require a customer disconnected for nonpayment to
18.30 repay the entire unpaid balance as a condition for reconnection, unless the customer has
18.31 refused to enter into an installment payment agreement that complies with section 444A.10.

19.1 Sec. 15. **[444A.13] RATES AND OTHER CHARGES.**

19.2 Subdivision 1. **Rates.** (a) All rates established or adjusted must be just, equitable, and
19.3 reasonable. Ability to pay must be considered a component of just, equitable, and reasonable
19.4 rates.

19.5 (b) Notwithstanding any other provision of this section, a municipal utility or a public
19.6 utilities commission created under section 412.331 may establish lower or discounted rates
19.7 for low-income and elderly customers.

19.8 Subd. 2. **Other charges generally.** A municipal utility may establish fees and penalties
19.9 the municipal utility deems necessary for services and activities, except as limited by this
19.10 section.

19.11 Subd. 3. **Connection and availability fees.** A municipal utility must offer a reasonable
19.12 installment payment plan to customers with incomes at or below 50 percent of state median
19.13 income for payment of:

19.14 (1) connection, hook-up, set-up, administrative, and installation fees; and

19.15 (2) availability and standby charges.

19.16 Subd. 4. **Late payment fee.** (a) A late payment fee must not exceed 1.5 percent per
19.17 month.

19.18 (b) If a late payment fee is assessed on a disputed bill and the dispute is resolved in the
19.19 customer's favor, the late payment fee must be canceled if uncollected and refunded if
19.20 already collected. The refund may be applied as a credit against future bills, provided water
19.21 service has not been permanently disconnected, in which case the refund must be provided
19.22 directly to the former customer.

19.23 Subd. 5. **Reconnection fee.** (a) Notwithstanding any other section, a municipal utility
19.24 may charge a reconnection fee. The reconnection fee must not exceed the cost of
19.25 reconnection.

19.26 (b) A municipal utility must not charge a reconnection fee to reconnect service
19.27 disconnected by the municipal utility in the event of a condition or emergency determined
19.28 to be hazardous to the customer, other customers, public or private property, municipal
19.29 utility equipment, or the public.

19.30 Subd. 6. **Prohibited fees and charges.** A municipal utility must not impose a fee or
19.31 charge for:

19.32 (1) the provision of a bill or disconnection notice; or

20.1 (2) a voluntary disconnection.

20.2 Subd. 7. **Waiver of fees and charges for hardship customers.** A municipal utility may
 20.3 waive any or all the fees or charges set forth in this subdivision for a customer with a
 20.4 demonstrated hardship, which may include inability to pay.

20.5 **Sec. 16. [444A.14] AFFORDABILITY PROGRAMS.**

20.6 (a) A municipal utility may establish an affordability program for customers who receive
 20.7 public assistance or who can demonstrate they have income at or below 50 percent of state
 20.8 median income. The affordability program must be designed to accomplish one or more of
 20.9 the following objectives:

20.10 (1) enable the customer to maintain water service by paying an amount that is less than
 20.11 the full amount owed but that is reasonable based on the financial circumstances of the
 20.12 household; or

20.13 (2) increase the frequency or regularity of participating customer payments by establishing
 20.14 a payment amount that is consistent with the customer's ability to pay.

20.15 (b) A municipal utility may take any steps necessary to timely recover the costs of the
 20.16 program from other ratepayers.

20.17 (c) A municipal utility operating an affordability program should coordinate the program
 20.18 with other available low-income bill payment and water conservation programs.

20.19 **Sec. 17. [444A.15] DUTIES OF CUSTOMERS AND OWNERS.**

20.20 Subdivision 1. **Duty to notify municipal utility.** (a) A customer or owner must notify
 20.21 the municipal utility, to the extent the customer or owner is aware, of:

20.22 (1) any damage to municipal utility equipment or appurtenances;

20.23 (2) the inoperability, malfunction, or inaccuracy of a meter;

20.24 (3) a broken seal; or

20.25 (4) a leak in the service line.

20.26 (b) A customer must provide notice to the municipal utility no less than five days in
 20.27 advance of the date of a voluntary disconnection. The customer is liable for all charges
 20.28 associated with consumption up to the date specified in the notice.

20.29 (c) A municipal utility may, by ordinance, impose other notification duties on customers
 20.30 or property owners as deemed necessary.

21.1 Subd. 2. Duties with respect to meters. (a) Every customer and owner must furnish a
 21.2 safe and suitable location for, and ensure easy access to, the inside meter that measures
 21.3 water consumption.

21.4 (b) Customers must take all reasonable measures to protect meters from frost and freezing.

21.5 Subd. 3. Duty to provide access. (a) Between the hours of 8:00 a.m. and 8:00 p.m.
 21.6 Monday through Friday and 9:00 a.m. and 5:00 p.m. on Saturday, a municipal utility may
 21.7 request that a customer provide authorized personnel access to any area owned by the
 21.8 customer, or of which the customer has a possessory right, where municipal utility equipment
 21.9 necessary for the provision of water and sewer service is placed for the purpose of:

21.10 (1) meter reading;

21.11 (2) connection, disconnection, or reconnection of water service; or

21.12 (3) installation, removal, maintenance, repair, servicing, or inspection of municipal
 21.13 utility equipment.

21.14 (b) To the extent possible, a municipal utility must provide at least 24 hours prior notice
 21.15 of the intent to enter the property and the purpose for which entry is required.

21.16 (c) If the customer refuses to consent to entry by the municipal utility employee or
 21.17 contractor to the property for the purposes allowed under this subdivision, a municipal utility
 21.18 may obtain an administrative or judicial warrant. A municipal utility is not required to obtain
 21.19 consent or a warrant for entry in cases of an emergency.

21.20 Subd. 4. Liability for damage. (a) A customer or owner is liable for the reasonable cost
 21.21 of repair or replacement, whichever is least expensive, of any municipal utility equipment
 21.22 or appurtenance that is damaged by the customer or a resident in the customer's household
 21.23 as a result of the customer or resident's intentional act or reckless negligence.

21.24 (b) Amounts for repair or replacement of damaged municipal utility equipment for which
 21.25 the customer or owner is liable may be added to the bill for water service. Amounts that are
 21.26 unpaid may be collected in the same manner as other unpaid charges, including through
 21.27 civil action or certification of unpaid charges to the county auditor with taxes against the
 21.28 property served for collection as other taxes are collected.

21.29 Sec. 18. [444A.16] PROHIBITED ACTS.

21.30 (a) A person must not:

21.31 (1) permit water from the municipal system to be used for a purpose not authorized by
 21.32 ordinance;

22.1 (2) violate section 325E.026; or
 22.2 (3) willfully obstruct, break, injure, mar, deface, destroy, disturb, or cause damage to
 22.3 any municipal utility equipment associated with the provision of water service.

22.4 (b) Without authorization from the municipal utility, a person must not:

22.5 (1) resell water from the municipal waterworks system;

22.6 (2) turn on or shut off water at any curb cock, curb stop, or curb stop box;

22.7 (3) take water from a fire hydrant or use water from an unmetered source; or

22.8 (4) tap any water distribution main or pipe or insert stopcocks or ferrules on the
 22.9 waterworks system.

22.10 (c) No person other than an authorized municipal employee or, if authorized by a
 22.11 municipal utility, a licensed plumber, shall break or remove a meter or other seal.

22.12 (d) A municipal utility may, by ordinance, establish prohibitions or restrictions not
 22.13 inconsistent with this chapter, in addition to those enumerated in this section.

22.14 **Sec. 19. [444A.17] WATER EMERGENCIES.**

22.15 (a) A municipal utility may declare a water emergency and impose and enforce a
 22.16 restriction or ban on the use of water, including but not limited to lawn sprinkling, car
 22.17 washing, and irrigation. A water emergency includes but is not limited to drought or shortage
 22.18 of water supply for other reasons, inadequate supply to provide fire protection, malfunction
 22.19 of the water supply system, or the endangerment of public health, safety, or welfare.

22.20 (b) A municipal utility imposing a ban or restriction on water use must take all reasonable
 22.21 and necessary steps to inform all citizens affected of the existence of the emergency, the
 22.22 reasons for the restriction or ban, the period during which use will be restricted or banned,
 22.23 and the specific uses that are restricted or banned.

22.24 **Sec. 20. [444A.18] TORT LIABILITY AND IMMUNITY.**

22.25 Subdivision 1. **Liability.** A municipal utility providing water services is subject to tort
 22.26 liability as provided in section 466.02, except as limited in subdivision 2.

22.27 Subd. 2. **Immunity.** A municipal utility is not subject to tort liability:

22.28 (1) if the water supply is interrupted, disturbed, deficient, or insufficient due to:

22.29 (i) establishing connections;

23.1 (ii) making repairs;

23.2 (iii) providing extensions;

23.3 (iv) disconnecting water service, provided that the municipal utility complies with the
 23.4 requirements under section 444A.12;

23.5 (v) reconnecting water service;

23.6 (vi) pressure fluctuations; or

23.7 (vii) flushing; or

23.8 (2) for the water quality, if the quality is within the guidelines set forth by the Department
 23.9 of Health and the laws of this state.

23.10 Sec. 21. **[444A.19] EFFECT ON OTHER LAW.**

23.11 Sections 444A.01 to 444A.18 preempt and supersede conflicting local and municipal
 23.12 rules or ordinances. Nothing in this chapter is intended to preempt any provision of a local
 23.13 or municipal rule or ordinance that provides greater protection for residential water customers
 23.14 than a provision in this chapter.

23.15 Sec. 22. Minnesota Statutes 2018, section 456.33, is amended to read:

23.16 **456.33 WATER AUTHORITY MAY MAKE RULES FOR PAYMENTS.**

23.17 The governing body of a waterworks owned by a city of the first class may adopt and
 23.18 enforce rules that it considers advisable on when payments for its water are due and payable
 23.19 consistent with chapter 444A.