

Casey Snider proposes the following substitute bill:

Water Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Casey Snider

Senate Sponsor:

LONG TITLE

General Description:

This bill addresses regulations related to water.

Highlighted Provisions:

This bill:

- provides circumstances of when a municipality may set different water rates based in part on water conservation;
- defines terms;
- addresses rate setting by a retail water supplier;
- provides for how revenues from retail rates may be spent;
- creates a presumption regarding the reasonableness of certain water rates that include water conservation as an element in determining the rate;
- modifies provisions related to the Board of Water Resources;
- addresses tiered rates for secondary water; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

10-8-22, as last amended by Laws of Utah 2019, Chapter 99

73-10-2, as last amended by Laws of Utah 2023, Chapter 205

73-10-32.5, as last amended by Laws of Utah 2022, Chapter 90

73-10-34, as last amended by Laws of Utah 2024, Chapters 171, 438

29 *Be it enacted by the Legislature of the state of Utah:*

30 Section 1. Section **10-8-22** is amended to read:

31 **10-8-22 . Water rates.**

32 (1) As used in this section:

33 (a) "Designated water service area" means the area defined by a municipality in
34 accordance with the Utah Constitution, Article XI, Section 6, Subsection (1)(c).

35 (b) "Large municipal drinking water system" means a municipally owned and operated
36 drinking water system serving a population of 10,000 or more.

37 (c) "Retail customer" means an end user:

38 (i) who receives culinary water directly from a municipality's waterworks system; and

39 (ii) whom the municipality described in Subsection (1)(c)(i) bills for water service.

40 (2) A municipality shall fix the rates to be paid for the use of water furnished by the
41 municipality.

42 (3) The setting of municipal water rates is a legislative act.

43 (4) Within the municipality's designated water service area, a municipality shall:

44 (a) establish, by ordinance, reasonable rates for the services provided to the
45 municipality's retail customers;

46 (b) use the same method of providing notice to all retail customers of proposed rate
47 changes; and

48 (c) allow all retail customers the same opportunity to appear and participate in a public
49 meeting addressing water rates.

50 (5)(a) A municipality may establish different rates for different classifications of retail
51 customers within the municipality's designated water service area, if the rates and
52 classifications have a reasonable basis.

53 (b) A reasonable basis for charging different rates for different classifications may
54 include, among other things, a situation in which:

55 (i) there is a difference in the cost of providing service to a particular classification;

56 (ii) one classification bears more risk in relation to a system operation or obligation;

57 (iii) retail customers in one classification invested or contributed to acquire a water
58 source or supply or build or maintain a system differently than retail customers in
59 another classification;

60 (iv) the needs or conditions of one classification:

61 (A) are distinguishable from the needs or conditions of another classification; and

62 (B) based on economic, public policy, or other identifiable elements, support a

- 63 different rate; [or]
- 64 (v) there is a differential between the classifications based on a cost of service
65 standard or a generally accepted rate setting method, including a standard or
66 method the American Water Works Association establishes[-] ; or
67 (vi) water conservation is used as an element in determining the rate charged for a
68 block unit of water as provided in Section 73-10-32.5.
- 69 (c) An adjustment based solely on the fact that a particular classification of retail
70 customers is located either inside or outside of the municipality's corporate boundary
71 is not a reasonable basis.
- 72 (6)(a) If more than 10% of the retail customers within a large municipal drinking water
73 system's designated water service area are located outside of the municipality's
74 corporate boundary, the municipality shall:
- 75 (i) post on the municipality's website the rates assessed to retail customers within the
76 designated water service area; and
77 (ii) establish an advisory board to make recommendations to the municipal legislative
78 body regarding water rates, capital projects, and other water service standards.
- 79 (b) In establishing an advisory board described in Subsection (6)(a)(ii), a municipality
80 shall:
- 81 (i) if more than 10% but no more than 30% of the municipality's retail customers
82 receive service outside the municipality's municipal boundary, ensure that at least
83 20% of the advisory board's members represent the municipality's retail customers
84 receiving service outside the municipality's municipal boundary;
- 85 (ii) if more than 30% of the municipality's retail customers receive service outside of
86 the municipality's municipal boundary, ensure that at least 40% of the advisory
87 board's members represent the municipality's retail customers receiving service
88 outside of the municipality's municipal boundary; and
- 89 (iii) in appointing board members who represent retail customers receiving service
90 outside of the municipality's municipal boundary, as required in Subsections
91 (6)(b)(i) and (ii), solicit recommendations from each municipality and county
92 outside of the municipality's municipal boundary whose residents are retail
93 customers within the municipality's designated water service area.
- 94 (7) A municipality that supplies water outside of the municipality's designated water service
95 area shall supply the water only by contract and shall include in the contract the terms
96 and conditions under which the contract can be terminated.

97 (8) A municipality shall:

- 98 (a) notify the director of the Division of Drinking Water of a contract the municipality
 99 enters into with a person outside of the municipality's designated water service area,
 100 including the name and contact information of the person named in each contract; and
 101 (b) each year, provide to the director of the Division of Drinking Water any
 102 supplementing or new information regarding a contract described in Subsection (8)(a),
 103 including whether there is no new information to provide at that time.

104 Section 2. Section **73-10-2** is amended to read:

105 **73-10-2 . Board of Water Resources -- Members -- Appointment -- Terms --**
 106 **Vacancies.**

107 (1)[(a)] The Board of Water Resources shall be comprised of nine members to be
 108 appointed by the governor with the advice and consent of the Senate in accordance
 109 with Title 63G, Chapter 24, Part 2, Vacancies.

110 [~~(b) In addition to the requirements of Section 79-2-203, not more than five members~~
 111 ~~shall be from the same political party.]~~

112 (2) [~~The~~] Subject to Section 79-2-203, the Board of Water Resources shall consist of:

- 113 (a) one member appointed from each of the following districts:
 114 (i) Bear River District, comprising the counties of Box Elder, Cache, and Rich;
 115 (ii) Weber District, comprising the counties of Weber, Davis, Morgan, and Summit;
 116 (iii) Salt Lake District, comprising the counties of Salt Lake and Tooele;
 117 (iv) Provo River District, comprising the counties of Juab, Utah, and Wasatch;
 118 (v) Sevier River District, comprising the counties of Millard, Sanpete, Sevier, Piute,
 119 and Wayne;
 120 (vi) Green River District, comprising the counties of Daggett, Duchesne, and Uintah;
 121 (vii) Upper Colorado River District, comprising the counties of Carbon, Emery,
 122 Grand, and San Juan; and
 123 (viii) Lower Colorado River District, comprising the counties of Beaver, Garfield,
 124 Iron, Washington, and Kane; and

125 (b) one member that represents the interests of the Great Salt Lake.

126 (3)(a) Except as required by Subsection (3)(b), all appointments shall be for terms of
 127 four years.

128 (b) Notwithstanding the requirements of Subsection (3)(a), the governor shall, at the
 129 time of appointment or reappointment, adjust the length of terms to ensure that the
 130 terms of board members are staggered so that approximately half of the board is

- 131 appointed every two years.
- 132 (c) When a vacancy occurs in the membership for any reason, the governor shall appoint
133 a replacement member for the unexpired term, with the advice and consent of the
134 Senate, who:
- 135 (i) is from the same district as the individual leaving the board; or
136 (ii) if the individual leaving the board is appointed under Subsection (2)(b),
137 represents the interests of the Great Salt Lake.
- 138 (4) A member may not receive compensation or benefits for the member's service, but may
139 receive per diem and travel expenses in accordance with:
- 140 (a) Section 63A-3-106;
141 (b) Section 63A-3-107; and
142 (c) rules made by the Division of Finance pursuant to Sections 63A-3-106 and
143 63A-3-107.
- 144 (5) A member shall comply with the conflict of interest provisions described in Title 63G,
145 Chapter 24, Part 3, Conflicts of Interest.
- 146 Section 3. Section **73-10-32.5** is amended to read:
147 **73-10-32.5 . Culinary water pricing structure.**
- 148 (1) As used in this section[~~-, "retail-~~] :
- 149 (a) "Retail water supplier" means the same as that term is defined in Section 19-4-102.
150 (b)(i) "Water conservation effort" means a program that is designed to incentivize,
151 encourage, or result in reduced water usage or more efficient use of water.
152 (ii) "Water conservation effort" includes the costs associated with designing,
153 implementing, and operating a program described in Subsection (1)(b)(i).
154 (c) "Wholesale water supplier" means the same as that term is defined in Section
155 19-4-102.
- 156 (2) A retail water supplier shall:
- 157 (a) consider water conservation in setting water rates with the goal of encouraging
158 efficient water use and eliminating wasteful or excessive water use;
159 (b) establish a culinary water rate structure that:
160 (i) incorporates increasing block units of water used; [and]
161 (ii) provides for an increase in the rate charged for additional block units of water
162 used as usage increases from one block unit to the next;
163 (iii) by July 1, 2027, includes water conservation as an element in determining the
164 rate charged for at least the highest usage block unit of water for a customer

- 165 classification that primarily serves residential customers; and
166 (iv) is based on a generally accepted rate setting method, including a standard or
167 method established by the American Water Works Association;
168 ~~(b)~~ (c) provide in customer billing notices, or in a notice that is distributed to customers
169 at least annually, block unit rates and the customer's billing cycle; and
170 ~~(e)~~ (d) include individual customer water usage in customer billing notices.
- 171 (3) This section does not prohibit a retail water supplier from including water conservation
172 as an element in setting rates for customer classifications that do not primarily serve
173 residential customers.
- 174 (4) A retail water supplier:
- 175 (a) is not required to establish or show that the portion of the rate designed to encourage
176 water conservation within the highest usage block unit of water for a customer
177 classification:
- 178 (i) is based on the retail water supplier's actual cost of service;
179 (ii) has a reasonable basis when compared to rates the retail water supplier charges:
180 (A) for other block units of water within a customer classification; or
181 (B) for block units of water in other customer classifications; or
182 (iii) is limited to a reasonable profit or return on investment;
- 183 (b) may include in a customer billing a fee, surcharge, penalty, or other charge that is
184 collected pursuant to an agreement between the retail water supplier and the
185 wholesale water supplier from whom the retail water supplier purchases water;
186 (c) if the retail water supplier is a for-profit entity, may not use revenue from the portion
187 of a block unit of water designed to encourage water conservation to pay profits or
188 dividends to the retail water supplier's investors or owners; and
189 (d) shall use the revenue collected from the portion of any block unit of water designed
190 to encourage water conservation to fund the retail water supplier's water conservation
191 efforts.
- 192 (5) The use of revenue described in Subsection (4)(d) may include funding water
193 conservation efforts that are shared with or administered by another retail water supplier
194 or a wholesale water supplier.
- 195 (6) The adoption and implementation of that portion of a retail water supplier's water rate
196 that includes water conservation as an element in determining the rate charged for the
197 highest usage block unit of water, as provided in this section, is conclusively presumed
198 to be reasonable.

199 Section 4. Section **73-10-34** is amended to read:

200 **73-10-34 . Secondary water metering -- Loans and grants.**

201 (1) As used in this section:

202 (a) "Agriculture use" means water used on land assessed under Title 59, Chapter 2, Part 5,
203 Farmland Assessment Act.

204 (b)(i) "Commercial user" means a secondary water user that is a place of business.

205 (ii) "Commercial user" does not include a multi-family residence, an agricultural
206 user, or a customer that falls within the industrial or institutional classification.

207 (c) "Critical area" means an area:

208 (i) serviced by one of the four largest water conservancy districts, as defined in
209 Section 17B-1-102, measured by operating budgets; or

210 (ii) within the Great Salt Lake basin, which includes:

211 (A) the surveyed meander line of the Great Salt Lake;

212 (B) the drainage areas of the Bear River or the Bear River's tributaries;

213 (C) the drainage areas of Bear Lake or Bear Lake's tributaries;

214 (D) the drainage areas of the Weber River or the Weber River's tributaries;

215 (E) the drainage areas of the Jordan River or the Jordan River's tributaries;

216 (F) the drainage areas of Utah Lake or Utah Lake's tributaries;

217 (G) other water drainages lying between the Bear River and the Jordan River that
218 are tributary to the Great Salt Lake and not included in the drainage areas
219 described in Subsections (1)(c)(ii)(B) through (F); and

220 (H) the drainage area of Tooele Valley.

221 (d) "Full metering" means that use of secondary water is accurately metered by a meter
222 that is installed and maintained on every secondary water connection of a secondary
223 water supplier.

224 (e)(i) "Industrial user" means a secondary water user that manufactures or produces
225 materials.

226 (ii) "Industrial user" includes a manufacturing plant, an oil and gas producer, and a
227 mining company.

228 (f)(i) "Institutional user" means a secondary water user that is dedicated to public
229 service, regardless of ownership.

230 (ii) "Institutional user" includes a school, church, hospital, park, golf course, and
231 government facility.

232 (g) "Power generation use" means water used in the production of energy, such as use in

- 233 an electric generation facility, natural gas refinery, or coal processing plant.
- 234 (h)(i) "Residential user" means a secondary water user in a residence.
- 235 (ii) "Residential user" includes a single-family or multi-family home, apartment,
236 duplex, twin home, condominium, or planned community.
- 237 (i) "Secondary water" means water that is:
- 238 (i) not culinary or water used on land assessed under Title 59, Chapter 2, Part 5,
239 Farmland Assessment Act; and
- 240 (ii) delivered to and used by an end user for the irrigation of landscaping or a garden.
- 241 (j) "Secondary water connection" means the location at which the water leaves the
242 secondary water supplier's pipeline and enters into the remainder of the pipes that are
243 owned by another person to supply water to an end user.
- 244 (k) "Secondary water supplier" means an entity that supplies pressurized secondary
245 water.
- 246 (l) "Small secondary water retail supplier" means an entity that:
- 247 (i) supplies pressurized secondary water only to the end user of the secondary water;
248 and
- 249 (ii)(A) is a city or town; or
250 (B) supplies 5,000 or fewer secondary water connections.
- 251 (2)(a)(i) A secondary water supplier that supplies secondary water within a county of
252 the first or second class and begins design work for new service on or after April
253 1, 2020, to a commercial, industrial, institutional, or residential user shall meter
254 the use of pressurized secondary water by the users receiving that new service.
- 255 (ii) A secondary water supplier that supplies secondary water within a county of the
256 third, fourth, fifth, or sixth class and begins design work for new service on or
257 after May 4, 2022, to a commercial, industrial, institutional, or residential user
258 shall meter the use of pressurized secondary water by the users receiving that new
259 service.
- 260 (b) By no later than January 1, 2030, a secondary water supplier shall install and
261 maintain a meter of the use of pressurized secondary water by each user receiving
262 secondary water service from the secondary water supplier.
- 263 (c) Beginning January 1, 2022, a secondary water supplier shall establish a meter
264 installation reserve for metering installation and replacement projects.
- 265 (d) A secondary water supplier, including a small secondary water retail supplier, may
266 not raise the rates charged for secondary water:

- 267 (i) by more than 10% in a calendar year for costs associated with metering secondary
268 water unless the rise in rates is necessary because the secondary water supplier
269 experiences a catastrophic failure or other similar event; or
- 270 (ii) unless, before raising the rates on the end user, the entity charging the end user
271 provides a statement explaining the basis for why the needs of the secondary
272 water supplier required an increase in rates.
- 273 (e)(i) A secondary water supplier that provides pressurized secondary water to a
274 commercial, industrial, institutional, or residential user shall develop a plan, or if
275 the secondary water supplier previously filed a similar plan, update the plan for
276 metering the use of the pressurized water.
- 277 (ii) The plan required by this Subsection (2)(e) shall be filed or updated with the
278 Division of Water Resources by no later than December 31, 2025, and address the
279 process the secondary water supplier will follow to implement metering, including:
- 280 (A) the costs of full metering by the secondary water supplier;
- 281 (B) how long it would take the secondary water supplier to complete full
282 metering, including an anticipated beginning date and completion date, except
283 a secondary water supplier shall achieve full metering by no later than January
284 1, 2030; and
- 285 (C) how the secondary water supplier will finance metering.
- 286 (3) A secondary water supplier shall on or before March 31 of each year, report to the
287 Division of Water Rights:
- 288 (a) for commercial, industrial, institutional, and residential users whose pressurized
289 secondary water use is metered, the number of acre feet of pressurized secondary
290 water the secondary water supplier supplied to the commercial, industrial,
291 institutional, and residential users during the preceding 12-month period;
- 292 (b) the number of secondary water meters within the secondary water supplier's service
293 boundary;
- 294 (c) a description of the secondary water supplier's service boundary;
- 295 (d) the number of secondary water connections in each of the following categories
296 through which the secondary water supplier supplies pressurized secondary water:
- 297 (i) commercial;
- 298 (ii) industrial;
- 299 (iii) institutional; and
- 300 (iv) residential;

- 301 (e) the total volume of water that the secondary water supplier receives from the
302 secondary water supplier's sources; and
- 303 (f) the dates of service during the preceding 12-month period in which the secondary
304 water supplier supplied pressurized secondary water.
- 305 (4)(a) Beginning July 1, 2019, the Board of Water Resources may make up to
306 \$10,000,000 in low-interest loans available each year:
- 307 (i) from the Water Resources Conservation and Development Fund, created in
308 Section 73-10-24; and
- 309 (ii) for financing the cost of secondary water metering.
- 310 (b) The Division of Water Resources and the Board of Water Resources shall make rules
311 in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
312 establishing the criteria and process for receiving a loan described in this Subsection
313 (4), except the rules may not include prepayment penalties.
- 314 (5)(a) Beginning July 1, 2021, subject to appropriation, the Division of Water Resources
315 may make matching grants each year for financing the cost of secondary water
316 metering for a commercial, industrial, institutional, or residential user by a small
317 secondary water retail supplier that:
- 318 (i) is not for new service described in Subsection (2)(a); and
319 (ii) matches the amount of the grant.
- 320 (b) For purposes of issuing grants under this section, the division shall prioritize the
321 small secondary water retail suppliers that can demonstrate the greatest need or
322 greatest inability to pay the entire cost of installing secondary water meters.
- 323 (c) The amount of a grant under this Subsection (5) may not:
- 324 (i) exceed 50% of the small secondary water retail supplier's cost of installing
325 secondary water meters; or
326 (ii) supplant federal, state, or local money previously allocated to pay the small
327 secondary water retail supplier's cost of installing secondary water meters.
- 328 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
329 Board of Water Resources shall make rules establishing:
- 330 (i) the procedure for applying for a grant under this Subsection (5); and
331 (ii) how a small secondary water retail supplier can establish that the small secondary
332 water retail supplier meets the eligibility requirements of this Subsection (5).
- 333 (6) Nothing in this section affects a water right holder's obligation to measure and report
334 water usage as described in Sections 73-5-4 and 73-5-8.

- 335 (7) If a secondary water supplier fails to comply with Subsection (2)(b), the secondary
336 water supplier:
- 337 (a) beginning January 1, 2030, may not receive state money for water related purposes
338 until the secondary water supplier completes full metering; and
- 339 (b) is subject to an enforcement action of the state engineer in accordance with
340 Subsection (8).
- 341 (8)(a)(i) The state engineer shall commence an enforcement action under this
342 Subsection (8) if the state engineer receives a referral from the director of the
343 Division of Water Resources.
- 344 (ii) The director of the Division of Water Resources shall submit a referral to the state
345 engineer if the director:
- 346 (A) finds that a secondary water supplier fails to fully meter secondary water as
347 required by this section; and
- 348 (B) determines an enforcement action is necessary to conserve or protect a water
349 resource in the state.
- 350 (b) To commence an enforcement action under this Subsection (8), the state engineer
351 shall issue a notice of violation that includes notice of the administrative fine to
352 which a secondary water supplier is subject.
- 353 (c) The state engineer's issuance and enforcement of a notice of violation is exempt from
354 Title 63G, Chapter 4, Administrative Procedures Act.
- 355 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
356 state engineer shall make rules necessary to enforce a notice of violation, that
357 includes:
- 358 (i) provisions consistent with this Subsection (8) for enforcement of the notice if a
359 secondary water supplier to whom a notice is issued fails to respond to the notice
360 or abate the violation;
- 361 (ii) the right to a hearing, upon request by a secondary water supplier against whom
362 the notice is issued; and
- 363 (iii) provisions for timely issuance of a final order after the secondary water supplier
364 to whom the notice is issued fails to respond to the notice or abate the violation, or
365 after a hearing held under Subsection (8)(d)(ii).
- 366 (e) A person may not intervene in an enforcement action commenced under this section.
- 367 (f) After issuance of a final order under rules made pursuant to Subsection (8)(d), the
368 state engineer shall serve a copy of the final order on the secondary water supplier

- 369 against whom the order is issued by:
- 370 (i) personal service under Utah Rules of Civil Procedure, Rule 5; or
- 371 (ii) certified mail.
- 372 (g)(i) The state engineer's final order may be reviewed by trial de novo by the [
373 ~~district~~] court with jurisdiction in Salt Lake County or the county where the
374 violation occurred.
- 375 (ii) A secondary water supplier shall file a petition for judicial review of the state
376 engineer's final order issued under this section within 20 days from the day on
377 which the final order was served on the secondary water supplier.
- 378 (h) The state engineer may bring suit in a court of competent jurisdiction to enforce a
379 final order issued under this Subsection (8).
- 380 (i) If the state engineer prevails in an action brought under Subsection (8)(g) or (h), the
381 state may recover court costs and a reasonable attorney fee.
- 382 (j) As part of a final order issued under this Subsection (8), the state engineer shall order
383 that a secondary water supplier to whom an order is issued pay an administrative fine
384 equal to:
- 385 (i) \$10 for each non-metered secondary water connection of the secondary water
386 supplier for failure to comply with full metering by January 1, 2030;
- 387 (ii) \$20 for each non-metered secondary water connection of the secondary water
388 supplier for failure to comply with full metering by January 1, 2031;
- 389 (iii) \$30 for each non-metered secondary water connection of the secondary water
390 supplier for failure to comply with full metering by January 1, 2032;
- 391 (iv) \$40 for each non-metered secondary water connection of the secondary water
392 supplier for failure to comply with full metering by January 1, 2033; and
- 393 (v) \$50 for each non-metered secondary water connection of the secondary water
394 supplier for failure to comply with full metering by January 1, 2034, and for each
395 subsequent year the secondary water supplier fails to comply with full metering.
- 396 (k) Money collected under this Subsection (8) shall be deposited into the Water
397 Resources Conservation and Development Fund, created in Section 73-10-24.
- 398 (9) A secondary water supplier located within a county of the fifth or sixth class is exempt
399 from Subsections (2)(a), (2)(b), (2)(c), (2)(e), (7), and (8) if:
- 400 (a) the owner or operator of the secondary water supplier seeks an exemption under this
401 Subsection (9) by establishing with the Division of Water Resources that the cost of
402 purchasing, installing, and upgrading systems to accept meters exceeds 25% of the

- 403 total operating budget of the owner or operator of the secondary water supplier;
- 404 (b) the secondary water supplier agrees to not add a new secondary water connection to
405 the secondary water supplier's system on or after May 4, 2022;
- 406 (c) within six months of when the secondary water supplier seeks an exemption under
407 Subsection (9)(a), the secondary water supplier provides to the Division of Water
408 Resources a plan for conservation within the secondary water supplier's service area
409 that does not require metering;
- 410 (d) the secondary water supplier annually reports to the Division of Water Resources on
411 the results of the plan described in Subsection (9)(c); and
- 412 (e) the secondary water supplier submits to evaluations by the Division of Water
413 Resources of the effectiveness of the plan described in Subsection (9)(c).
- 414 (10) A secondary water supplier is exempt from Subsections (2)(a), (2)(b), (2)(c), (2)(e),
415 (7), and (8) to the extent that the secondary water supplier:
- 416 (a) is unable to obtain a meter that a meter manufacturer will warranty because of the
417 water quality within a specific location served by the secondary water supplier;
- 418 (b) submits reasonable proof to the Division of Water Resources that the secondary
419 water supplier is unable to obtain a meter as described in Subsection (10)(a);
- 420 (c) within six months of when the secondary water supplier submits reasonable proof
421 under Subsection (10)(b), provides to the Division of Water Resources a plan for
422 conservation within the secondary water supplier's service area that does not require
423 metering;
- 424 (d) annually reports to the Division of Water Resources on the results of the plan
425 described in Subsection (10)(c); and
- 426 (e) submits to evaluations by the Division of Water Resources of the effectiveness of the
427 plan described in Subsection (10)(c).
- 428 (11) A secondary water supplier that is located within a critical management area that is
429 subject to a groundwater management plan adopted or amended under Section 73-5-15
430 on or after May 1, 2006, is exempt from Subsections (2)(a), (2)(b), (2)(c), (2)(e), (7), and
431 (8).
- 432 (12) If a secondary water supplier is required to have a water conservation plan under
433 Section 73-10-32, that water conservation plan satisfies the requirements of Subsection
434 (9)(c) or (10)(c).
- 435 (13)(a) Notwithstanding the other provisions of this section and unless exempt under
436 Subsection (9), (10), or (11), to comply with this section, a secondary water supplier

- 437 is not required to meter every secondary water connection of the secondary water
438 supplier's system, but shall meter at strategic points of the system as approved by the
439 state engineer under this Subsection (13) if:
- 440 (i) the system has no or minimal storage and relies primarily on stream flow;
 - 441 (ii)(A) the majority of secondary water users on the system are associated with
442 agriculture use or power generation use; and
 - 443 (B) less than 50% of the secondary water is used by residential secondary water
444 users; or
 - 445 (iii) the system has a mix of pressurized lines and open ditches and:
 - 446 (A) 1,000 or fewer users if any part of the system is within a critical area; or
 - 447 (B) 2,500 or fewer users for a system not described in Subsection (13)(a)(iii)(A).
- 448 (b)(i) A secondary water supplier may obtain the approval by the state engineer of
449 strategic points where metering is to occur as required under this Subsection (13)
450 by filing an application with the state engineer in the form established by the state
451 engineer.
- 452 (ii) The state engineer may by rule, made in accordance with Title 63G, Chapter 3,
453 Utah Administrative Rulemaking Act, establish procedures for approving strategic
454 points for metering under this Subsection (13).
- 455 (14)(a) A contract entered into or renewed on or after July 1, 2025, between a secondary
456 water supplier and an end user shall allow for billing by tiered conservation rates.
- 457 (b) By no later than April 1, 2030, regardless of whether the secondary water supplier is
458 fully metered or has modified existing contracts with end users, a secondary water
459 supplier shall enter into a contract with the public water system that serves an end
460 user of the secondary water supplier that requires the public water system:
- 461 (i) to bill an account according to usage of secondary water using a tiered
462 conservation rate that considers:
 - 463 (A) revenue stability;
 - 464 (B) water conservation; and
 - 465 (C) cost of service; and
 - 466 (ii) to begin billing an end user using the tiered conservation rate by no later than July
467 1, 2030.
- 468 (c) By no later than April 1, 2030, a secondary water supplier shall provide an
469 educational component for end users as determined by the division by rule made in
470 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, either

- 471 on a monthly statement or by an end user specific Internet portal that provides
472 information on the end user's usage more frequently than monthly.
- 473 (d) A public water system with a contract with a secondary water supplier described in
474 Subsection (14)(b) shall exchange with the secondary water supplier, for the purpose
475 of maintaining accurate records, the following with regard to an end user of the
476 secondary water supplier:
- 477 (i) a billing address;
478 (ii) an address where the secondary water is delivered;
479 (iii) a parcel identification number; and
480 (iv) ownership information.
- 481 (e)(i) If a secondary water supplier violates this Subsection (14) on or after April 1,
482 2030, the secondary water supplier:
- 483 (A) may not receive state money for water related purposes until the secondary
484 water supplier complies with this Subsection (14); and
485 (B) is subject to an enforcement action of the state engineer in accordance with
486 this Subsection (14)(e).
- 487 (ii) The state engineer shall commence an enforcement action under this Subsection
488 (14)(e) if the state engineer receives a referral from the director of the Division of
489 Water Resources.
- 490 (iii) The director of the Division of Water Resources shall submit a referral to the
491 state engineer if the director:
- 492 (A) finds that a secondary water supplier fails to comply with this Subsection (14);
493 and
494 (B) determines an enforcement action is necessary to conserve or protect a water
495 resource in the state.
- 496 (iv) To commence an enforcement action under this Subsection (14)(e), the state
497 engineer shall issue a notice of violation that includes notice of the administrative
498 fine described in Subsection (14)(e)(xiii) to which a secondary water supplier is
499 subject.
- 500 (v) The state engineer's issuance and enforcement of a notice of violation is exempt
501 from Title 63G, Chapter 4, Administrative Procedures Act.
- 502 (vi) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
503 the state engineer shall make rules necessary to enforce a notice of violation, that
504 includes:

- 505 (A) provisions consistent with this Subsection (14)(e) for enforcement of the
506 notice if a secondary water supplier to whom a notice is issued fails to respond
507 to the notice or abate the violation;
- 508 (B) the right to a hearing, upon request by a secondary water supplier against
509 whom the notice is issued; and
- 510 (C) provisions for timely issuance of a final order after the secondary water
511 supplier to whom the notice is issued fails to respond to the notice or abate the
512 violation, or after a hearing held under Subsection (14)(e)(vi)(B).
- 513 (vii) A person may not intervene in an enforcement action commenced under this
514 Subsection (14)(e).
- 515 (viii) After issuance of a final order under rules made pursuant to Subsection
516 (14)(e)(vi), the state engineer shall serve a copy of the final order on the
517 secondary water supplier against whom the order is issued by:
- 518 (A) personal service under Utah Rules of Civil Procedure, Rule 5; or
519 (B) certified mail.
- 520 (ix) The state engineer's final order may be reviewed by trial de novo by a court with
521 jurisdiction in Salt Lake County or the county where the violation occurred.
- 522 (x) A secondary water supplier shall file a petition for judicial review of the state
523 engineer's final order issued under this Subsection (14)(e) within 20 days from the
524 day on which the final order was served on the secondary water supplier.
- 525 (xi) The state engineer may bring suit in a court to enforce a final order issued under
526 this Subsection (14)(e).
- 527 (xii) If the state engineer prevails in an action brought under Subsection (14)(e)(x) or
528 (xi), the state may recover court costs and reasonable attorney fees.
- 529 (xiii) The administrative fine imposed under this section shall be an amount not to
530 exceed the sum of any money received by the secondary water supplier under this
531 section or Section 73-10-34.5 to fund costs related to metering.
- 532 (xiv) Money collected under this Subsection (14) shall be deposited into the Water
533 Resources Conservation and Development Fund, created in Section 73-10-24.

534 Section 5. **Effective Date.**

535 This bill takes effect on May 7, 2025.