



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 226
135th General Assembly

Final Analysis

[Click here for H.B. 226's Fiscal Note](#)

Primary Sponsors: Reps. Robb Blasdel and Jarrells

Effective date: *

Reid J. Fleeson, Attorney

SUMMARY

- Permits a water-works company to replace lead customer-owned water service lines, or customer-owned water service lines of other compositions, as part of a scheduled utility main replacement project, emergency placement, or when ordered or mandated to do so.
- Requires a water-works company to reimburse a customer who replaces the customer's lead customer-owned water service line, or customer-owned water service line of other composition, that was ordered or mandated to be replaced, if the customer submits a reimbursement request within 12 months after completion of the replacement.
- Requires the cost of the replacement of water service lines and reimbursements amounts provided to water service utility customers to be included in the company's public utility property valuation report used in the company's rate case.

DETAILED ANALYSIS

Water service line replacement

The act permits a water-works company to do any of the following:

- Replace lead customer-owned water service lines concurrently with a scheduled utility main replacement project, an emergency replacement, or company-initiated lead water service line replacement program;
- Replace lead customer-owned water service lines when mandated or ordered to replace the lines by law or a state or federal regulatory agency;

* The Legislative Service Commission had not received formal notification of the effective date at the time this analysis was prepared. Additionally, the analysis may not reflect action taken by the Governor.

- Replace customer-owned water service lines of other composition when mandated or ordered to replace them by law or a state or federal regulatory agency.

A water-works company that replaces customer-owned water service lines pursuant to any of the above must include the cost of the replacement of the water service lines, including the cost to replace the company side and customer-owned water service lines and the cost to evaluate customer-owned water service lines of unknown composition, in the company's property valuation report (see "**Valuation report**" below) for inclusion in a rate case.

If a water-works company replaces a customer-owned water service line, the water service customer who is responsible for the customer-owned water service line holds legal title to the replaced line.

The act defines the following terms:

- "Water-works company" as an entity engaged in the business of supplying water through pipes or tubing, or in a similar manner, to consumers in Ohio and is a public utility. Continuing law excludes various entities, such as, for example, utilities that are owned or operated by any municipal corporation, from the meaning of "public utility."
- "Customer-owned water service line" as the water service line connected at the water-works company's water service line at the curb of the customer's property.¹

Water service line customer reimbursement

The act requires a water-works company to reimburse a customer who replaces the customer's customer-owned water service line if both:

1. The company confirms that the customer-owned water service line was composed of lead or other composition that was mandated or ordered to be replaced by law or a state or federal regulatory agency;
2. The customer submits the reimbursement request to the company not later than 12 months after the completion of the water line replacement.

A water-works company that provides a reimbursement to a customer as described above must include the reimbursement amount in the company's property valuation report (see below) for inclusion in a rate case.²

Valuation report

The act adds the cost of the replacement of water service lines and reimbursement amounts provided to water service customers to the facts in detail that must be included in a public utility property valuation report. Continuing law requires the Public Utilities Commission (PUCO) to prescribe a property valuation report for each public utility or railroad in Ohio. The

¹ R.C. 4909.173; R.C. 4905.02 and 4905.03(G), not in the act.

² R.C. 4909.174.

property valuation report must include all the kinds and classes of property used and useful (or projected to be used and useful in the case of a natural gas, water-works, or sewage disposal company) for the service and convenience of the public, and the value of the property. The utility's property valuation, as determined by adding and subtracting amounts set out in the facts in detail in the property valuation report, is used by the PUCO in setting utility rates, fares, tolls, rentals, and charges.³

HISTORY

Action	Date
Introduced	06-26-23
Reported, H. Public Utilities	01-29-24
Passed House (78-15)	02-07-24
Reported, S. Energy & Public Utilities	06-25-24
Passed Senate (31-0)	06-26-24

24-anhb0226en-135/ks

³ R.C. 4909.05(C) and 4909.15(A)(1).