

FILED MAR 16 1976

Reprinted

SENATE FILE 1258

By COMMITTEE ON COMMERCE

Passed Senate, Date 4-21-76 (1981) Passed House, Date \_\_\_\_\_  
Vote: Ayes 40 Nays 7 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the establishment of electric utility  
2 service areas and to the regulation of rural electric  
3 cooperative rates by the state commerce commission.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

S-5339

1 Amend Senate File 1258 as follows:  
2 1. Page 4, by striking lines 20 through 22, and  
3 inserting in lieu thereof the following:  
4 "d. All rights of cities under chapter four hundred  
5 seventy-two (472) of the Code are preserved. However,  
6 prior to the institution of condemnation proceedings,  
7 the city shall obtain a certificate of authority from  
8 the commission in accordance with this Act and the  
9 commission's determination of price under this Act  
10 shall be conclusive evidence of damages in these  
11 condemnation proceedings."  
12 2. Page 7, line 9, by striking the misspelled  
13 word "prosective" and inserting in lieu thereof the  
14 word "prospective".  
15 3. Page 7, by striking lines 11 through 17.

S-5339 FILED - *Adopted 4/21 (1977)*  
MARCH 16, 1976

BY COMMITTEE ON COMMERCE  
LOWELL JUNKINS, Chairperson

S-5544

1 Amend Senate File 1258, as follows:  
2 1. Page 3, line 35, by striking everything  
3 after the word "interest".  
4 2. Page 4, by striking lines 1 and 2.

S-5544 FILED & LOST (1978)  
APRIL 21, 1976

BY E. KEVIN KELLY

FILED MAR 16 1976

Reprinted

SENATE FILE 1258

By COMMITTEE ON COMMERCE

Passed Senate, Date 4-21-76 (1381) Passed House, Date \_\_\_\_\_  
Vote: Ayes 40 Nays 7 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

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- 8 the commission in accordance with this Act and the
- 9 commission's determination of price under this Act
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- 11 condemnation proceedings."
- 12 2. Page 7, line 9, by striking the misspelled
- 13 word "prosective" and inserting in lieu thereof the
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S-5339 FILED - adopted 4/21 (1377)  
MARCH 16, 1976

BY COMMITTEE ON COMMERCE  
LOWELL JUNKINS, Chairperson

S-5544

- 1 Amend Senate File 1258, as follows:
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- 3 after the word "interest."
- 4 2. Page 4, by striking lines 1 and 2.

S-5544 FILED & LOST (1378)  
APRIL 21, 1976

BY E. KEVIN KELLY

1 Section 1. Section four hundred thirty-seven point fourteen  
2 (437.14), subsection three (3), Code 1975, is amended to read  
3 as follows:

4 3. Any electric lines and associated facilities described  
5 in this section which are included within the boundaries of  
6 a city as a result of annexation, incorporation or otherwise,  
7 shall be valued, assessed and taxed in the manner provided  
8 for valuation, assessment and taxation of transmission lines  
9 under this section ~~and may continue service to premises of~~  
10 ~~existing customers as of May 14, 1977, or to premises of~~  
11 ~~customers included by subsequent annexation or incorporation~~  
12 ~~within such area under the provisions of section 490A.23,~~  
13 ~~except that such lines used to serve the premises of such~~  
14 ~~existing customers shall be exchanged or shall be purchased~~  
15 ~~at the end of six years from the date the corporate boundaries~~  
16 ~~are so extended only upon the voluntary agreement of the~~  
17 ~~utilities involved and notwithstanding section 490A.7, all~~  
18 ~~rates charged by a co-operative corporation or association~~  
19 ~~to various classes of consumers within the annexed area shall~~  
20 ~~be regulated by the Iowa state commerce commission under~~  
21 ~~chapter 490A.~~ Any such electric lines, whether transmission  
22 or distribution lines, located within the boundaries of a  
23 city shall be listed and assessed for taxation as provided  
24 in section 437.13 and shall be subject to all ordinances of  
25 the city including the authority of any such city to impose  
26 taxes, charges or fees as provided by law.

27 Sec. 2. Section four hundred ninety A point one (490A.1),  
28 unnumbered paragraph three (3), Code 1975, is amended to read  
29 as follows:

30 Mutual telephone companies in which at least fifty percent  
31 of the users are owners, cooperative telephone corporations  
32 or associations, telephone companies having less than two  
33 thousand stations, municipally-owned utilities, and unincorpo-  
34 rated villages which own their own distribution system ~~and~~  
35 ~~co-operative corporations or associations~~ shall not be sub-

1 ject to the rate regulation provided for in this chapter;  
2 provided, however, that nothing contained in this chapter  
3 shall be construed to apply to municipally-owned water works  
4 or rural water districts incorporated and organized pursuant  
5 to chapters 357A and 504A. Telephone companies otherwise  
6 exempt from rate regulation and having telephone exchange  
7 facilities which cross state lines may elect, in writing,  
8 filed with the commission, to have their rates regulated by  
9 the commission. When such election, in writing, has been  
10 filed with the commission, the commission shall assume rate  
11 regulation jurisdiction over said companies.

12 Sec. 3. Chapter four hundred ninety A (490A), Code 1975,  
13 is amended by adding sections four (4) through eight (8) of  
14 this Act.

15 Sec. 4. NEW SECTION. DEFINITION. As used in sections  
16 five (5) through eight (8) of this Act, unless the context  
17 otherwise requires, "electric utility" includes a public  
18 utility furnishing electricity as defined in section four  
19 hundred ninety A point one (490A.1) of the Code and a city  
20 utility as defined in section three hundred ninety point one  
21 (390.1) of the Code.

22 Sec. 5. NEW SECTION. ELECTRIC SERVICE CONFLICTS--CER-  
23 TIFICATES OF AUTHORITY.

24 1. An electric utility shall not construct or extend  
25 facilities or furnish or offer to furnish electric service  
26 to the existing point of delivery of any customer already  
27 receiving electric service from another electric utility  
28 without having first filed with the commission the express  
29 written agreement of the electric utility presently serving  
30 this customer, except as otherwise provided in this section.  
31 Any municipal corporation, after being authorized by a vote  
32 of the people, or any electric utility may file a petition  
33 with the commission requesting a certificate of authority  
34 to furnish electric service to the existing point of delivery  
35 of any customer already receiving electric service from another

1 electric utility. If, after notice by the commission to the  
2 electric utility currently serving the customer, objection  
3 to the petition is not filed and investigation is not deemed  
4 necessary, the commission shall issue a certificate within  
5 thirty days of the filing of the petition. When an objection  
6 is filed, if the commission, after notice and opportunity for  
7 hearing, determines that service to the customer by the  
8 petitioner is in the public interest, including consideration  
9 of any unnecessary duplication of facilities, it shall grant  
10 this certificate in whole or in part, upon such terms,  
11 conditions, and restrictions as may be justified. Whether  
12 or not an objection is filed, any certificate issued shall  
13 require that the petitioner pay to the electric utility  
14 presently serving the customer, the reasonable price for  
15 facilities serving the customer. This price determination  
16 by the commission shall include due consideration of the cost  
17 of the facilities being acquired, any necessary generating  
18 capacity and transmission capacity dedicated to the customer,  
19 depreciation, loss of revenue, and the cost of facilities  
20 necessary to reintegrate the system of the utility after  
21 detaching the portion sold.

22 2. An electric utility shall not construct or extend  
23 facilities or furnish electric service to a prospective  
24 customer not presently being served, unless its existing  
25 service facilities are nearer the proposed point of delivery  
26 than the service facilities of any other utility. However,  
27 an electric utility may extend electric service and  
28 transmission lines if the electric utility closest to the  
29 delivery point consents to this extension in writing and a  
30 copy of the agreement is filed with the commission or, if  
31 the commission, after notice and opportunity for hearing and  
32 after giving due consideration to the prevention of unnecessary  
33 duplication of facilities, finds that service from an electric  
34 utility, other than the closest utility, is in the public  
35 interest. This subsection shall not apply if the prospective

1 customers are within an exclusive service area assigned to  
2 an electric utility as provided in this Act.

3 3. Notwithstanding subsections one (1) and two (2) of  
4 this section, any electric utility may extend electric service  
5 and transmission lines to its own utility property and  
6 facilities.

7 4. If not inconsistent with the provisions of this Act:

8 a. All rights of municipal corporations under chapter  
9 three hundred sixty-four (364) of the Code to grant a person  
10 a franchise to erect, maintain, and operate plants and systems  
11 for electric light and power within the corporate boundaries,  
12 and rights acquired by franchise or agreement shall be pre-  
13 served in these municipal corporations;

14 b. All rights of city utilities under the city code shall  
15 be preserved in these city utilities;

16 c. All rights of city utilities and joint electric utili-  
17 ties under chapter three hundred ninety (390) of the Code  
18 shall be preserved in these city utilities and joint elec-  
19 tric utilities; and

20 d. All rights of cities to condemn existing electric  
21 utilities under section four hundred seventy-two point forty-  
22 six (472.46) of the Code shall be preserved.

23 Sec. 6. NEW SECTION. ELECTRIC UTILITY SERVICE AREA MAPS.

24 1. On or before July 1, 1977, and subsequently whenever  
25 requested by the commission, electric utilities furnishing  
26 electricity to the public for compensation in this state shall  
27 file, jointly or severally, with the commission detailed  
28 maps of their service area drawn to a scale of not less than  
29 one inch per mile or drawn to a larger scale if required for  
30 clarity showing all of the following:

31 a. The locations of an electric utility's generation,  
32 franchised transmission lines, distribution lines, and related  
33 facilities as of January 1, 1976.

34 b. All state and federal highways and other public roads  
35 within the electric utility's service area.

1 c. All section lines and numbers and township and range  
2 numbers within the electric utility's service area.

3 d. The corporate boundaries of all cities within the elec-  
4 tric utility's service area.

5 e. All lakes and rivers within the electric utility's ser-  
6 vice area.

7 f. All railroads within the electric utility's service  
8 area.

9 g. Any additional information requested by the commis-  
10 sion.

11 2. On or before July 1, 1978, and subsequently when deemed  
12 by the commission to be necessary, the commission shall pre-  
13 pare or cause to have prepared a composite map of this state  
14 showing the service areas of electric utilities as submitted  
15 by the electric utilities. The form and detail of all maps  
16 shall be determined by the commission.

17 Sec. 7. NEW SECTION. ASSIGNED SERVICE AREAS--ELECTRIC  
18 UTILITIES--LEGISLATIVE POLICY. It is declared to be in the  
19 public interest to encourage the development of coordinated  
20 statewide electric service at retail, to eliminate or avoid  
21 unnecessary duplication of electric utility facilities, and  
22 to promote economical, efficient, and adequate electric service  
23 to the public. In order to effect that public interest, the  
24 commission may establish service areas within which specified  
25 electric utilities shall provide electric service to customers  
26 on an exclusive basis. Except for good cause expressed through  
27 formal public statement, the commission shall establish these  
28 exclusive service areas on or before July 1, 1979. These  
29 exclusive service area boundaries shall be established by  
30 the commission upon the following basis:

31 1. The service area boundaries shall be in a line approxi-  
32 mately equidistant between the electric distribution lines  
33 of adjacent electric utilities as they existed on January  
34 1, 1976, and as shown by the maps filed in accordance with  
35 this Act. However, those boundaries may be modified by the

1 commission to promote the public interest, to preserve existing  
2 service areas and electric utilities' rights to serve existing  
3 customers, and to prevent unnecessary duplication of  
4 facilities, to take account of natural and physical barriers  
5 which would make electric service beyond these barriers  
6 uneconomic and impractical and those boundaries shall be  
7 modified by the commission to take account of the contracts  
8 between electric utilities which have been approved by the  
9 commission pursuant to subsection two (2) of this section.  
10 When an electric utility's exclusive service area is  
11 established by the commission to include existing customers  
12 presently served by the facilities of another electric utility,  
13 unless a voluntary exchange of facilities is agreed upon by  
14 the electric utilities involved and approved by the commission,  
15 the commission after notice and opportunity for hearing, shall  
16 require the purchase of those facilities presently serving  
17 these customers at a reasonable price to be determined by  
18 the commission. The commission, on its own motion or at the  
19 request of an electric utility or municipal corporation, after  
20 notice and opportunity for hearing, may modify the boundaries  
21 of an electric utility exclusive service area which it has  
22 previously established if this modification, including  
23 consideration of the factors noted in this subsection, is  
24 found to be in the public interest.

25 2. Contracts between electric utilities to designate  
26 service areas and customers to be served by the electric  
27 utilities or for the exchange of customers between electric  
28 utilities, when approved by the commission, shall be valid  
29 and enforceable and shall be incorporated into the appropriate  
30 exclusive service areas established pursuant to subsection  
31 one (1) of this section. The commission shall approve a  
32 contract if it finds that the contract will eliminate or avoid  
33 unnecessary duplication of facilities, will provide adequate  
34 electric service to all areas and customers affected, will  
35 promote the efficient and economical use and development of



1 the electric systems of the contracting electric utilities,  
2 and is in the public interest.

3 Sec. 8. NEW SECTION. EFFECT OF INCORPORATION, ANNEXATION  
4 OF CONSOLIDATION. The inclusion by incorporation, consolida-  
5 tion, or annexation of any facilities or service area of an  
6 electric utility within the boundaries of any city shall not  
7 by such inclusion impair or affect in any respect the rights  
8 of the electric utility to continue to provide electric util-  
9 ity service and to extend electric service to prospective  
10 customers in accordance with the provisions of this Act.

11 Sec. 9. NEW SECTION. All rights of cities under chapter  
12 four hundred seventy-two (472) of the Code are preserved.  
13 However, prior to the institution of condemnation proceedings,  
14 the city shall obtain a certificate of authority from the  
15 commission in accordance with this Act and the commission's  
16 determination of price under this Act shall be conclusive  
17 evidence of damages in these condemnation proceedings.

18 Sec. 10. Section four hundred ninety A point twenty-three  
19 (490A.23), as amended by Acts of the Sixty-sixth General As-  
20 sembly, 1975 Session, chapter sixty-seven (67), section forty-  
21 four (44), and section four hundred ninety A point twenty-  
22 four (490A.24), Code 1975, are repealed.

23 EXPLANATION

24 Through revision of pertinent sections of chapter 490A  
25 of the Code, this bill provides the means by which the state  
26 through its regulatory powers over public utility companies,  
27 as delegated to the commerce commission, can more effectively  
28 limit and rectify costly duplication of electric utility  
29 facilities on a statewide basis. Consistent with present  
30 provisions, it requires generally that an electric utility  
31 may not serve a customer currently served by another electric  
32 utility and that an electric utility may not serve new  
33 customers, unless its existing facilities are closest to the  
34 service delivery points of the customers involved. Any  
35 departure from these general requirements requires a finding

1 by the commission that this departure is in the long-term  
2 public interest.

3 To implement the exercise of an overall state policy favor-  
4 ing optimal efficiency in planning for the location and oper-  
5 ation of electric service facilities, the bill qualifies rele-  
6 vant municipal authority affecting operating control over  
7 electric utility service within cities and their annexed areas  
8 by requiring state approval through commerce commission ac-  
9 tion for any change in the status quo as of January 1, 1976.

10 The bill makes it plain that before any electric utility,  
11 including city utilities, or any municipal corporation may  
12 serve the existing customers of another electric utility,  
13 it must first obtain a certificate on public interest grounds  
14 from the commission. In recognition of the eventual exclusive  
15 service territories to be accorded rural electric cooperatives  
16 by the bill, the bill also places these electric utilities  
17 under full rate regulation by the state commerce commission.

18 In the interest of ultimate establishment of exclusive  
19 electric service territories for the entire state, the bill  
20 calls for all electric utilities to file with the state  
21 commerce commission detailed electric service area maps no  
22 later than July 1, 1977. In turn, the commission must prepare  
23 a composite of these maps on or before July 1, 1978.

24 Correspondingly, to promote economical, efficient, and adequate  
25 electric service to the general public, unless good cause  
26 exists for later action, the commission must establish  
27 exclusive service territories for each electric utility in  
28 the state by July 1, 1979. This final action is expressly  
29 subject to later modification upon notice and opportunity  
30 for hearing, should the public interest so require.

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S-5474

1 Amend Senate File 1258, page 4, line 7, by striking  
2 the words "If not inconsistent with" and inserting  
3 in lieu thereof the word "Notwithstanding".

S-5474 FILED - *Lost 4/21 (1378)*  
APRIL 7, 1976

BY COMMITTEE ON CITIES  
EARL M. WILLITS, Chairperson

S-5543

1 Amend Senate File 1258, page 2, lines 31  
2 and 32, by striking the words, "after being  
3 authorized by a vote of the people,".

S-5543 FILED & WITHDRAWN (1379)  
APRIL 21, 1976

BY EARL M. WILLITS

S-5551

1 Amend Senate File 1258, page 2, by inserting after  
2 line 11 the following:  
3 "Sec. \_\_\_\_ . Section four hundred ninety A point  
4 one (490A.1), unnumbered paragraph three (3), Code  
5 1975, is amended to read as follows:  
6 Mutual telephone companies in which at least fifty  
7 percent of the users are owners, telephone companies  
8 having less than two thousand stations, municipally-  
9 owned utilities furnishing communications services  
10 to the public for compensation or furnishing water  
11 by piped distribution system to the public for  
12 compensation, unincorporated villages which own their  
13 own distribution system, and co-operative corporations  
14 or associations shall not be subject to the rate  
15 regulation provided for in this chapter; provided,  
16 however, that nothing contained in this chapter shall  
17 be construed to apply to municipally-owned water works  
18 or rural water districts incorporated and organized  
19 pursuant to chapters 357A and 504A. Telephone  
20 companies otherwise exempt from rate regulation and  
21 having telephone exchange facilities which cross state  
22 lines may elect, in writing, filed with the commission,  
23 to have their rates regulated by the commission.  
24 When such election, in writing, has been filed with  
25 the commission, the commission shall assume rate  
26 regulation jurisdiction over said companies."

S-5551 FILED & WITHDRAWN (1380)  
APRIL 21, 1976

BY RICHARD J. NORPEL, SR.

*Substituted 4/28 for 1528*

(As Amended and Passed by the Senate April 21, 1976)

Passed Senate, Date 4-28-76 (p. 1381) Passed House, Date 4-28-76 (p. 2274)

Vote: Ayes 40 Nays 7 Vote: Ayes 76 Nays 16

Approved 5-20-76

*Motion*

*Motion to reconsider filed and w.d. (2274)  
Motion to " filed 4/28 (p. 2292)  
" Lost 5/7 (2527)*

# A BILL FOR

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2 service areas and to the regulation of rural electric  
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4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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\_\_\_\_\_ = New Language  
by the Senate

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4 3. Any electric lines and associated facilities described  
5 in this section which are included within the boundaries of  
6 a city as a result of annexation, incorporation or otherwise,  
7 shall be valued, assessed and taxed in the manner provided  
8 for valuation, assessment and taxation of transmission lines  
9 under this section ~~and may continue service to premises of~~  
10 ~~existing customers as of May 14, 1974, or to premises of~~  
11 ~~customers included by subsequent annexation or incorporation~~  
12 ~~within such area under the provisions of section 490A.23,~~  
13 ~~except that such lines used to serve the premises of such~~  
14 ~~existing customers shall be exchanged or shall be purchased~~  
15 ~~at the end of six years from the date the corporate boundaries~~  
16 ~~are so extended only upon the voluntary agreement of the~~  
17 ~~utilities involved and notwithstanding section 490A.4, all~~  
18 ~~rates charged by a co-operative corporation or association~~  
19 ~~to various classes of consumers within the annexed area shall~~  
20 ~~be regulated by the Iowa state commerce commission under~~  
21 ~~chapter 490A.~~ Any such electric lines, whether transmission  
22 or distribution lines, located within the boundaries of a  
23 city shall be listed and assessed for taxation as provided  
24 in section 437.13 and shall be subject to all ordinances of  
25 the city including the authority of any such city to impose  
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27 Sec. 2. Section four hundred ninety A point one (490A.1),  
28 unnumbered paragraph three (3), Code 1975, is amended to read  
29 as follows:

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31 of the users are owners, cooperative telephone corporations  
32 or associations, telephone companies having less than two  
33 thousand stations, municipally-owned utilities, and unincorpo-  
34 rated villages which own their own distribution system, ~~and~~  
35 ~~co-operative corporations or associations~~ shall not be sub-

1 ject to the rate regulation provided for in this chapter;  
2 provided, however, that nothing contained in this chapter  
3 shall be construed to apply to municipally-owned water works  
4 or rural water districts incorporated and organized pursuant  
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6 exempt from rate regulation and having telephone exchange  
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15 Sec. 4. NEW SECTION. DEFINITION. As used in sections  
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17 otherwise requires, "electric utility" includes a public  
18 utility furnishing electricity as defined in section four  
19 hundred ninety A point one (490A.1) of the Code and a city  
20 utility as defined in section three hundred ninety point one  
21 (390.1) of the Code.

22 Sec. 5. NEW SECTION. ELECTRIC SERVICE CONFLICTS--CER-  
23 TIFICATES OF AUTHORITY.

24 1. An electric utility shall not construct or extend  
25 facilities or furnish or offer to furnish electric service  
26 to the existing point of delivery of any customer already  
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28 without having first filed with the commission the express  
29 written agreement of the electric utility presently serving  
30 this customer, except as otherwise provided in this section.  
31 Any municipal corporation, after being authorized by a vote  
32 of the people, or any electric utility may file a petition  
33 with the commission requesting a certificate of authority  
34 to furnish electric service to the existing point of delivery  
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2 electric utility currently serving the customer, objection  
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4 necessary, the commission shall issue a certificate within  
5 thirty days of the filing of the petition. When an objection  
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7 hearing, determines that service to the customer by the  
8 petitioner is in the public interest, including consideration  
9 of any unnecessary duplication of facilities, it shall grant  
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11 conditions, and restrictions as may be justified. Whether  
12 or not an objection is filed, any certificate issued shall  
13 require that the petitioner pay to the electric utility  
14 presently serving the customer, the reasonable price for  
15 facilities serving the customer. This price determination  
16 by the commission shall include due consideration of the cost  
17 of the facilities being acquired, any necessary generating  
18 capacity and transmission capacity dedicated to the customer,  
19 depreciation, loss of revenue, and the cost of facilities  
20 necessary to reintegrate the system of the utility after  
21 detaching the portion sold.

22 2. An electric utility shall not construct or extend  
23 facilities or furnish electric service to a prospective  
24 customer not presently being served, unless its existing  
25 service facilities are nearer the proposed point of delivery  
26 than the service facilities of any other utility. However,  
27 an electric utility may extend electric service and  
28 transmission lines if the electric utility closest to the  
29 delivery point consents to this extension in writing and a  
30 copy of the agreement is filed with the commission or, if  
31 the commission, after notice and opportunity for hearing and  
32 after giving due consideration to the prevention of unnecessary  
33 duplication of facilities, finds that service from an electric  
34 utility, other than the closest utility, is in the public  
35 interest. This subsection shall not apply if the prospective

1 customers are within an exclusive service area assigned to  
2 an electric utility as provided in this Act.

3 3. Notwithstanding subsections one (1) and two (2) of  
4 this section, any electric utility may extend electric service  
5 and transmission lines to its own utility property and  
6 facilities.

7 4. If not inconsistent with the provisions of this Act:

8 a. All rights of municipal corporations under chapter  
9 three hundred sixty-four (364) of the Code to grant a person  
10 a franchise to erect, maintain, and operate plants and systems  
11 for electric light and power within the corporate boundaries,  
12 and rights acquired by franchise or agreement shall be pre-  
13 served in these municipal corporations;

14 b. All rights of city utilities under the city code shall  
15 be preserved in these city utilities;

16 c. All rights of city utilities and joint electric utili-  
17 ties under chapter three hundred ninety (390) of the Code  
18 shall be preserved in these city utilities and joint elec-  
19 tric utilities; and

20 d. All rights of cities under chapter four hundred seventy-  
21 two (472) of the Code are preserved. However, prior to the  
22 institution of condemnation proceedings, the city shall obtain  
23 a certificate of authority from the commission in accordance  
24 with this Act and the commission's determination of price  
25 under this Act shall be conclusive evidence of damages in  
26 these condemnation proceedings.

27 Sec. 6. NEW SECTION. ELECTRIC UTILITY SERVICE AREA MAPS.

28 1. On or before July 1, 1977, and subsequently whenever  
29 requested by the commission, electric utilities furnishing  
30 electricity to the public for compensation in this state shall  
31 file, jointly or severally, with the commission detailed maps  
32 of their service area drawn to a scale of not less than one  
33 inch per mile or drawn to a larger scale if required for  
34 clarity showing all of the following:

35 a. The locations of an electric utility's generation,



1 franchised transmission lines, distribution lines, and related  
2 facilities as of January 1, 1976.

3 b. All state and federal highways and other public roads  
4 within the electric utility's service area.

5 c. All section lines and numbers and township and range  
6 numbers within the electric utility's service area.

7 d. The corporate boundaries of all cities within the elec-  
8 tric utility's service area.

9 e. All lakes and rivers within the electric utility's ser-  
10 vice area.

11 f. All railroads within the electric utility's service  
12 area.

13 g. Any additional information requested by the commis-  
14 sion.

15 2. On or before July 1, 1978, and subsequently when deemed  
16 by the commission to be necessary, the commission shall pre-  
17 pare or cause to have prepared a composite map of this state  
18 showing the service areas of electric utilities as submitted  
19 by the electric utilities. The form and detail of all maps  
20 shall be determined by the commission.

21 Sec. 7. NEW SECTION. ASSIGNED SERVICE AREAS--ELECTRIC  
22 UTILITIES--LEGISLATIVE POLICY. It is declared to be in the  
23 public interest to encourage the development of coordinated  
24 statewide electric service at retail, to eliminate or avoid  
25 unnecessary duplication of electric utility facilities, and  
26 to promote economical, efficient, and adequate electric service  
27 to the public. In order to effect that public interest, the  
28 commission may establish service areas within which specified  
29 electric utilities shall provide electric service to customers  
30 on an exclusive basis. Except for good cause expressed through  
31 formal public statement, the commission shall establish these  
32 exclusive service areas on or before July 1, 1979. These  
33 exclusive service area boundaries shall be established by  
34 the commission upon the following basis:

35 1. The service area boundaries shall be in a line approxi-

1 mately equidistant between the electric distribution lines  
2 of adjacent electric utilities as they existed on January  
3 1, 1976, and as shown by the maps filed in accordance with  
4 this Act. However, those boundaries may be modified by the  
5 commission to promote the public interest, to preserve existing  
6 service areas and electric utilities' rights to serve existing  
7 customers, and to prevent unnecessary duplication of  
8 facilities, to take account of natural and physical barriers  
9 which would make electric service beyond these barriers  
10 uneconomic and impractical and those boundaries shall be  
11 modified by the commission to take account of the contracts  
12 between electric utilities which have been approved by the  
13 commission pursuant to subsection two (2) of this section.  
14 When an electric utility's exclusive service area is  
15 established by the commission to include existing customers  
16 presently served by the facilities of another electric utility,  
17 unless a voluntary exchange of facilities is agreed upon by  
18 the electric utilities involved and approved by the commission,  
19 the commission after notice and opportunity for hearing, shall  
20 require the purchase of those facilities presently serving  
21 these customers at a reasonable price to be determined by  
22 the commission. The commission, on its own motion or at the  
23 request of an electric utility or municipal corporation, after  
24 notice and opportunity for hearing, may modify the boundaries  
25 of an electric utility exclusive service area which it has  
26 previously established if this modification, including  
27 consideration of the factors noted in this subsection, is  
28 found to be in the public interest.

29 2. Contracts between electric utilities to designate  
30 service areas and customers to be served by the electric  
31 utilities or for the exchange of customers between electric  
32 utilities, when approved by the commission, shall be valid  
33 and enforceable and shall be incorporated into the appropriate  
34 exclusive service areas established pursuant to subsection  
35 one (1) of this section. The commission shall approve a

1 contract if it finds that the contract will eliminate or avoid  
2 unnecessary duplication of facilities, will provide adequate  
3 electric service to all areas and customers affected, will  
4 promote the efficient and economical use and development of  
5 the electric systems of the contracting electric utilities,  
6 and is in the public interest.

7 Sec. 8. NEW SECTION. EFFECT OF INCORPORATION, ANNEXATION  
8 OR CONSOLIDATION. The inclusion by incorporation, consolida-  
9 tion, or annexation of any facilities or service area of an  
10 electric utility within the boundaries of any city shall not  
11 by such inclusion impair or affect in any respect the rights  
12 of the electric utility to continue to provide electric util-  
13 ity service and to extend electric service to prospective  
14 customers in accordance with the provisions of this Act.

15 Sec. 9. Section four hundred ninety A point twenty-three  
16 (490A.23), as amended by Acts of the Sixty-sixth General As-  
17 sembly, 1975 Session, chapter sixty-seven (67), section forty-  
18 four (44), and section four hundred ninety A point twenty-  
19 four (490A.24), Code 1975, are repealed.

20 EXPLANATION

21 Through revision of pertinent sections of chapter 490A  
22 of the Code, this bill provides the means by which the state  
23 through its regulatory powers over public utility companies,  
24 as delegated to the commerce commission, can more effectively  
25 limit and rectify costly duplication of electric utility  
26 facilities on a statewide basis. Consistent with present  
27 provisions, it requires generally that an electric utility  
28 may not serve a customer currently served by another electric  
29 utility and that an electric utility may not serve new  
30 customers, unless its existing facilities are closest to the  
31 service delivery points of the customers involved. Any  
32 departure from these general requirements requires a finding  
33 by the commission that this departure is in the long-term  
34 public interest.

35 To implement the exercise of an overall state policy favor-

1 ing optimal efficiency in planning for the location and oper-  
2 ation of electric service facilities, the bill qualifies rele-  
3 vant municipal authority affecting operating control over  
4 electric utility service within cities and their annexed areas  
5 by requiring state approval through commerce commission ac-  
6 tion for any change in the status quo as of January 1, 1976.  
7 The bill makes it plain that before any electric utility,  
8 including city utilities, or any municipal corporation may  
9 serve the existing customers of another electric utility,  
10 it must first obtain a certificate on public interest grounds  
11 from the commission. In recognition of the eventual exclusive  
12 service territories to be accorded rural electric cooperatives  
13 by the bill, the bill also places these electric utilities  
14 under full rate regulation by the state commerce commission.

15 In the interest of ultimate establishment of exclusive  
16 electric service territories for the entire state, the bill  
17 calls for all electric utilities to file with the state  
18 commerce commission detailed electric service area maps no  
19 later than July 1, 1977. In turn, the commission must prepare  
20 a composite of these maps on or before July 1, 1978.  
21 Correspondingly, to promote economical, efficient, and adequate  
22 electric service to the general public, unless good cause  
23 exists for later action, the commission must establish  
24 exclusive service territories for each electric utility in  
25 the state by July 1, 1979. This final action is expressly  
26 subject to later modification upon notice and opportunity  
27 for hearing, should the public interest so require.

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SF 1258  
ms/slc/83  
LSB 4250/14

H-6422

- 1 Amend Senate File 1258 as follows:
- 2 1. Page 4, line 7, by striking the words
- 3 "If not inconsistent with" and inserting in lieu
- 4 thereof the word "Notwithstanding".

H-6422 FILED - *Lost (2271)* BY BRUNOW of Appanoose  
APRIL 27, 1976 BINA of Scott

CUSACK of Scott  
HARVEY of Scott

H-6430

- 1 Amend Senate File 1258, as passed by the Senate,
- 2 as follows:
- 3 1. Page 4, line 7, by striking the words "If
- 4 not inconsistent with" and inserting in lieu thereof
- 5 the word "Notwithstanding".

H-6430 FILED - *Out of order 4/28* BY NIELSEN of Polk  
APRIL 27, 1976 (2271) BYERLY of Polk

H-6446

- 1 Amend Senate File 1258 page 3, line 35 by
- 2 striking all after the period, and page 4 by
- 3 striking all of lines 1 and 2.

H-6446 FILED, LOST (2271) BY WELDEN of Hardin  
APRIL 28, 1976

H-6447

- 1 Amend Senate File 1258 as follows:
- 2 1. Page 7, by adding after line 19 the following
- 3 new section:
- 4 "Sec. 10. The Commerce Commission shall not
- 5 employ additional personnel to perform the respon-
- 6 sibilities set forth in Sections 6 and 7 of this
- 7 Act, nor shall the Commission employ additional
- 8 personnel to perform any task or responsibility
- 9 which is not continuing in nature. Such short-term,
- 10 one-time and other tasks or responsibilities which
- 11 are not continuing in nature shall be accomplished
- 12 by the Commission's subcontracting the task or respon-
- 13 sibility to an independent contractor."

H-6447 FILED, LOST (2273) BY WALTER of Pottawattamie  
APRIL 28, 1976 KREAMER of Polk

I-6419.

1 Amend Senate File 1258 as follows:

2 1. Page 2, by striking lines 12 through 35 and  
3 inserting in lieu thereof the following new section:

4 "Sec. \_\_\_\_ . Section four hundred ninety A point  
5 twenty-? three (490A.23), Code 1975, as amended by  
6 Acts of the Sixty-sixth General Assembly, 1975 Session,  
7 chapter sixty-seven (67), section forty-four (44),  
8 is amended by striking the section and inserting the  
9 following:

10 490A.23 ANNEXED AREAS - ELECTRIC SERVICE.

11 1. All rights of municipal corporations to  
12 franchise and regulate use of streets, alleys and  
13 other public property, and all rights acquired by  
14 franchise or agreement shall be preserved in such  
15 municipalities, excepting only the duties and  
16 jurisdiction conferred upon the commission in this  
17 chapter.

18 2. Whenever the corporate boundaries of any city  
19 are extended, if a public utility which does not have  
20 a municipal franchise for such city is providing  
21 electric service to customers in such extended area  
22 at the time of the extension of corporate boundaries,  
23 such utility may continue to provide electric service  
24 to such customers until six years from the date the  
25 corporate boundaries shall have been extended. If  
26 such utility does not acquire a municipal franchise  
27 from such city within six years of the extension of  
28 the corporate boundaries, then, at the end of six  
29 years from the date the corporate boundaries shall  
30 have been extended, the municipally-owned utility  
31 or municipally-franchised public utility serving such  
32 city shall purchase the facilities of the non-  
33 franchised utility located within such extended area  
34 and shall furnish such service without interruption  
35 upon the acquisition of such facilities. The  
36 purchasing utility shall pay to the selling utility  
37 the just and reasonable price for such facilities.  
38 If the public utilities involved are unable to agree  
39 as to the price for such facilities, either utility  
40 may file an application requesting the commission  
41 to determine such price. Upon application, after  
42 notice and hearing, the commission shall determine  
43 such price for the facilities, giving due consideration  
44 to the cost of the facilities being acquired, any  
45 necessary generating capacity and transmission capacity  
46 dedicated to serving the customers in the extended  
47 area, depreciation, loss of revenue, and the cost  
48 of facilities necessary to reintegrate the system  
49 of the selling utility after detaching the portion  
50 sold. Upon such determination of the just and

1 reasonable price for the facilities, the commission  
 2 shall direct the transfer of such facilities and  
 3 customers served thereby. Until such determination  
 4 by the commission, the facilities shall remain in  
 5 place and service shall be maintained by the owner.  
 6 Provided however, that this section shall not apply  
 7 to production, generation, high-voltage transmission  
 8 facilities and high-voltage transformers located in  
 9 such extended area and owned by a public utility which  
 10 does not have a municipal franchise for such city.

11 3. Notwithstanding the provisions of section 490A.24,  
 12 whenever the corporate boundaries of any city are  
 13 extended, electric service to new customers shall  
 14 be provided by municipally-owned utility or by any  
 15 public utility having a municipal franchise for such  
 16 city. This section shall not be construed to prohibit  
 17 the granting of a municipal franchise to a public  
 18 utility by a city in which electric service is  
 19 presently being furnished by a municipally-owned  
 20 utility or another municipally-franchised public  
 21 utility.

22 4. Where a public utility acquires a municipal  
 23 franchise from a city presently served by a  
 24 municipally-owned utility or by another municipally-  
 25 franchised utility, electric service to new customers  
 26 shall be provided in accordance with the provisions  
 27 of section 490A.24"

28 2. By striking pages 3, 4, 5 and 6.

29 3. Page 7, by striking lines 1 through 22.

H-6419 FILED - *Lost 4/28(2270)* BY BRUNOW of Appanoose  
 APRIL 26, 1976

SENATE FILE 1258

H-6448

1 Amend Senate File 1258 as follows:

2 1. Page 2, line 5, by inserting after "504A"  
 3 the following: ", nor shall anything contained  
 4 in this chapter prohibit telephone companies  
 5 from providing service to persons living in a  
 6 territory divided by a road or highway into  
 7 districts in which a telephone company provides  
 8 service to each district, in which case persons  
 9 may elect to contract service by only one of the  
 10 telephone companies operating in said district and  
 11 shall not be required to contract service with one  
 12 or more telephone companies within said territory".

H-6448 FILED, MOVED TO BY MILLER of Buchanan  
 SUSPEND RULES TO CONSIDER, LOST (2274)  
 APRIL 28, 1976

## SENATE FILE 1258

## AN ACT

RELATING TO THE ESTABLISHMENT OF ELECTRIC UTILITY SERVICE AREAS AND TO THE REGULATION OF RURAL ELECTRIC COOPERATIVE RATES BY THE STATE COMMERCE COMMISSION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section four hundred thirty-seven point fourteen (437.14), subsection three (3), Code 1975, is amended to read as follows:

3. Any electric lines and associated facilities described in this section which are included within the boundaries of a city as a result of annexation, incorporation or otherwise, shall be valued, assessed and taxed in the manner provided for valuation, assessment and taxation of transmission lines under this section ~~and may continue service to premises of existing customers as of May 14, 1977, or to premises of customers included by subsequent annexation or incorporation within such area under the provisions of section 490A.23, except that such lines used to serve the premises of such existing customers shall be exchanged or shall be purchased at the end of six years from the date the corporate boundaries are so extended only upon the voluntary agreement of the utilities involved and notwithstanding section 490A.47, all rates charged by a co-operative corporation or association to various classes of consumers within the annexed area shall be regulated by the Iowa state commerce commission under chapter 490A.~~ Any such electric lines, whether transmission or distribution lines, located within the boundaries of a city shall be listed and assessed for taxation as provided in section 437.13 and shall be subject to all ordinances of the city including the authority of any such city to impose taxes, charges or fees as provided by law.

Sec. 2. Section four hundred ninety A point one (490A.1), unnumbered paragraph three (3), Code 1975, is amended to read as follows:

Mutual telephone companies in which at least fifty percent of the users are owners, cooperative telephone corporations or associations, telephone companies having less than two thousand stations, municipally-owned utilities, and unincorporated villages which own their own distribution system, ~~and co-operative corporations or associations~~ shall not be subject to the rate regulation provided for in this chapter; provided, however, that nothing contained in this chapter shall be construed to apply to municipally-owned water works or rural water districts incorporated and organized pursuant to chapters 357A and 504A. Telephone companies otherwise exempt from rate regulation and having telephone exchange facilities which cross state lines may elect, in writing, filed with the commission, to have their rates regulated by the commission. When such election, in writing, has been filed with the commission, the commission shall assume rate regulation jurisdiction over said companies.

Sec. 3. Chapter four hundred ninety A (490A), Code 1975, is amended by adding sections four (4) through eight (8) of this Act.

Sec. 4. NEW SECTION. DEFINITION. As used in sections five (5) through eight (8) of this Act, unless the context otherwise requires, "electric utility" includes a public utility furnishing electricity as defined in section four hundred ninety A point one (490A.1) of the Code and a city utility as defined in section three hundred ninety point one (390.1) of the Code.

Sec. 5. NEW SECTION. ELECTRIC SERVICE CONFLICTS--CERTIFICATES OF AUTHORITY.

1. An electric utility shall not construct or extend facilities or furnish or offer to furnish electric service to the existing point of delivery of any customer already



receiving electric service from another electric utility without having first filed with the commission the express written agreement of the electric utility presently serving this customer, except as otherwise provided in this section. Any municipal corporation, after being authorized by a vote of the people, or any electric utility may file a petition with the commission requesting a certificate of authority to furnish electric service to the existing point of delivery of any customer already receiving electric service from another electric utility. If, after notice by the commission to the electric utility currently serving the customer, objection to the petition is not filed and investigation is not deemed necessary, the commission shall issue a certificate within thirty days of the filing of the petition. When an objection is filed, if the commission, after notice and opportunity for hearing, determines that service to the customer by the petitioner is in the public interest, including consideration of any unnecessary duplication of facilities, it shall grant this certificate in whole or in part, upon such terms, conditions, and restrictions as may be justified. Whether or not an objection is filed, any certificate issued shall require that the petitioner pay to the electric utility presently serving the customer, the reasonable price for facilities serving the customer. This price determination by the commission shall include due consideration of the cost of the facilities being acquired, any necessary generating capacity and transmission capacity dedicated to the customer, depreciation, loss of revenue, and the cost of facilities necessary to reintegrate the system of the utility after detaching the portion sold.

2. An electric utility shall not construct or extend facilities or furnish electric service to a prospective customer not presently being served, unless its existing service facilities are nearer the proposed point of delivery than the service facilities of any other utility. However,

an electric utility may extend electric service and transmission lines if the electric utility closest to the delivery point consents to this extension in writing and a copy of the agreement is filed with the commission or, if the commission, after notice and opportunity for hearing and after giving due consideration to the prevention of unnecessary duplication of facilities, finds that service from an electric utility, other than the closest utility, is in the public interest. This subsection shall not apply if the prospective customers are within an exclusive service area assigned to an electric utility as provided in this Act.

3. Notwithstanding subsections one (1) and two (2) of this section, any electric utility may extend electric service and transmission lines to its own utility property and facilities.

4. If not inconsistent with the provisions of this Act:

a. All rights of municipal corporations under chapter three hundred sixty-four (364) of the Code to grant a person a franchise to erect, maintain, and operate plants and systems for electric light and power within the corporate boundaries, and rights acquired by franchise or agreement shall be preserved in these municipal corporations;

b. All rights of city utilities under the city code shall be preserved in these city utilities;

c. All rights of city utilities and joint electric utilities under chapter three hundred ninety (390) of the Code shall be preserved in these city utilities and joint electric utilities; and

d. All rights of cities under chapter four hundred seventy-two (472) of the Code are preserved. However, prior to the institution of condemnation proceedings, the city shall obtain a certificate of authority from the commission in accordance with this Act and the commission's determination of price under this Act shall be conclusive evidence of damages in these condemnation proceedings.

Sec. 6. NEW SECTION. ELECTRIC UTILITY SERVICE AREA MAPS.

1. On or before July 1, 1977, and subsequently whenever requested by the commission, electric utilities furnishing electricity to the public for compensation in this state shall file, jointly or severally, with the commission detailed maps of their service area drawn to a scale of not less than one inch per mile or drawn to a larger scale if required for clarity showing all of the following:

- a. The locations of an electric utility's generation, franchised transmission lines, distribution lines, and related facilities as of January 1, 1976.
- b. All state and federal highways and other public roads within the electric utility's service area.
- c. All section lines and numbers and township and range numbers within the electric utility's service area.
- d. The corporate boundaries of all cities within the electric utility's service area.
- e. All lakes and rivers within the electric utility's service area.
- f. All railroads within the electric utility's service area.
- g. Any additional information requested by the commission.

2. On or before July 1, 1978, and subsequently when deemed by the commission to be necessary, the commission shall prepare or cause to have prepared a composite map of this state showing the service areas of electric utilities as submitted by the electric utilities. The form and detail of all maps shall be determined by the commission.

Sec. 7. NEW SECTION. ASSIGNED SERVICE AREAS--ELECTRIC UTILITIES--LEGISLATIVE POLICY. It is declared to be in the public interest to encourage the development of coordinated statewide electric service at retail, to eliminate or avoid unnecessary duplication of electric utility facilities, and to promote economical, efficient, and adequate electric service

to the public. In order to effect that public interest, the commission may establish service areas within which specified electric utilities shall provide electric service to customers on an exclusive basis. Except for good cause expressed through formal public statement, the commission shall establish these exclusive service areas on or before July 1, 1979. These exclusive service area boundaries shall be established by the commission upon the following basis:

1. The service area boundaries shall be in a line approximately equidistant between the electric distribution lines of adjacent electric utilities as they existed on January 1, 1976, and as shown by the maps filed in accordance with this Act. However, those boundaries may be modified by the commission to promote the public interest, to preserve existing service areas and electric utilities' rights to serve existing customers, and to prevent unnecessary duplication of facilities, to take account of natural and physical barriers which would make electric service beyond these barriers uneconomic and impractical and those boundaries shall be modified by the commission to take account of the contracts between electric utilities which have been approved by the commission pursuant to subsection two (2) of this section. When an electric utility's exclusive service area is established by the commission to include existing customers presently served by the facilities of another electric utility, unless a voluntary exchange of facilities is agreed upon by the electric utilities involved and approved by the commission, the commission after notice and opportunity for hearing, shall require the purchase of those facilities presently serving these customers at a reasonable price to be determined by the commission. The commission, on its own motion or at the request of an electric utility or municipal corporation, after notice and opportunity for hearing, may modify the boundaries of an electric utility exclusive service area which it has previously established if this modification, including

consideration of the factors noted in this subsection, is found to be in the public interest.

2. Contracts between electric utilities to designate service areas and customers to be served by the electric utilities or for the exchange of customers between electric utilities, when approved by the commission, shall be valid and enforceable and shall be incorporated into the appropriate exclusive service areas established pursuant to subsection one (1) of this section. The commission shall approve a contract if it finds that the contract will eliminate or avoid unnecessary duplication of facilities, will provide adequate electric service to all areas and customers affected, will promote the efficient and economical use and development of the electric systems of the contracting electric utilities, and is in the public interest.

Sec. 8. NEW SECTION. EFFECT OF INCORPORATION, ANNEXATION OR CONSOLIDATION. The inclusion by incorporation, consolidation, or annexation of any facilities or service area of an electric utility within the boundaries of any city shall not by such inclusion impair or affect in any respect the rights of the electric utility to continue to provide electric utility service and to extend electric service to prospective customers in accordance with the provisions of this Act.

Sec. 9. Section four hundred ninety A point twenty-three (490A.23), as amended by Acts of the Sixty-sixth General Assembly, 1975 Session, chapter sixty-seven (67), section forty-

four (44), and section four hundred ninety A point twenty-four (490A.24), Code 1975, are repealed.

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ARTHUR A. NEU  
President of the Senate

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DALE M. COCHRAN  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 1258, Sixty-sixth General Assembly.

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STEVEN C. CROSS  
Secretary of the Senate

Approved May 20, 1976

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ROBERT D. RAY  
Governor