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SENATE FILE 2225  
BY COMMITTEE ON COMMERCE  
(FORMERLY SSB 2002)  
*Approved 2/3 (3.573)*

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

### A BILL FOR

1 An Act amending section 476.6, unnumbered paragraph 6 of  
2 the Code as it relates to the definition of the filing  
3 date of new or changed rates, charges, schedules, or  
4 regulations for purposes of the collection of temporary  
5 rates by a rate-regulated public utility in connection  
6 with a newly constructed electric generating facility  
7 and to the rate of interest payable on rate refunds.

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

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SENATE FILE 2225

S-5188

1 Amend Senate File 2225 as follows:  
2 1. Page 3, by striking line 4 and inserting in  
3 lieu thereof the word "service."

S-5188 FILED  
MARCH 4, 1982

BY BOB RUSH  
PATRICK J. DELUHERY

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1 Section 1. Section 476.6, unnumbered paragraph 6, Code  
2 1981, as amended by Acts of the Sixty-ninth General Assembly,  
3 1981 Session, chapter 156, section 6, is amended to read as  
4 follows:

5 Upon the request of a public utility, the commission shall,  
6 when required by this paragraph, grant the public utility  
7 temporary authority to place in effect any or all of the  
8 suspended rates, charges, schedules or regulations by filing  
9 with the commission a bond or other undertaking approved by  
10 the commission conditioned upon the refund in a manner to  
11 be prescribed by the commission of any amounts collected in  
12 excess of the amounts which would have been collected under  
13 rates, charges, schedules or regulations finally approved  
14 by the commission. In determining that portion of the new  
15 or changed rates, charges, schedules or regulations to be  
16 placed in effect prior to a final decision, the commission  
17 shall apply previously established regulatory principles and  
18 shall, at a minimum, permit rates and charges which will allow  
19 the utility the opportunity to earn a return on common stock  
20 equity equal to that which the commission held reasonable  
21 and just in the most recent rate case involving the same  
22 utility or the same type of utility service, provided that  
23 if the most recent final decision of the commission in an  
24 applicable rate case was rendered more than twelve months  
25 prior to the date of filing of the request for temporary  
26 rates, the commission shall in addition consider financial  
27 market data that is filed or that is otherwise available to  
28 the commission and shall adjust the rate of return on common  
29 stock equity that was approved in that decision upward or  
30 downward as necessary to reflect current conditions. The  
31 commission shall render a decision on a request for temporary  
32 authority within ninety days after the date of filing of the  
33 request. The decision shall be effective immediately. If  
34 the commission has not rendered a final decision with respect  
35 to suspended rates, charges, schedules or regulations upon

1 the expiration of ten months after the filing date, plus the  
2 length of any delay that necessarily results either from the  
3 failure of the public utility to exercise due diligence in  
4 connection with the proceedings or from intervening judicial  
5 proceedings, plus the length of any extension permitted by  
6 section 3, subsection 3 of this Act, then those portions that  
7 were approved by the commission on a temporary basis shall  
8 be deemed finally approved by the commission and the utility  
9 may place them into effect on a permanent basis, and the  
10 utility also may place into effect subject to refund and until  
11 the final decision of the commission any portion of the  
12 suspended rates, charges, schedules or regulations not  
13 previously approved on a temporary basis by filing with the  
14 commission a bond or other undertaking approved by the  
15 commission. If the commission finds that an extension of  
16 the ten-month period is necessary to permit the accumulation  
17 of necessary data with respect to the operation of a newly  
18 constructed electric generating facility that has a capacity  
19 of one hundred megawatts or more of electricity and that is  
20 proposed to be included in the rate base for the first time,  
21 the commission may extend the ten-month period up to a maximum  
22 extension of six months, but only with respect to that portion  
23 of the suspended rates, charges, schedules or regulations  
24 that are necessarily connected with the inclusion of the  
25 generating facility in the rate base. If a utility is  
26 proposing to include in its rate base for the first time a  
27 newly constructed electric generating facility that has a  
28 capacity of one hundred megawatts or more of electricity,  
29 the filing date of new or changed rates, charges, schedules  
30 or regulations shall, for purposes of computing the ~~ninety-~~  
31 ~~day-and~~ ten-month ~~limitations~~ limitation stated above, be  
32 the date as determined by the commission that the new plant  
33 went into service, but only with respect to that portion of  
34 the suspended rates, charges, schedules or regulations that  
35 are necessarily connected with the inclusion of the generating

1 facility in the rate base, however, the utility shall not  
2 begin collecting that portion of the rate increase applicable  
3 to the facility until the facility is initially placed in  
4 service unless an earlier date is authorized by the commission.

5 The commission shall establish a rate of interest to be paid  
6 by a public utility to persons receiving refunds. The rate  
7 of interest shall be a reasonable rate as determined by the  
8 commission, ~~but-not-less-than-five-percent-per-annum~~, and  
9 the interest shall be compounded annually. The public utility  
10 shall not place into effect any portion of any suspended  
11 rates, charges, schedules or regulations of any subsequent  
12 rate filing relating to services with respect to which a rate  
13 filing is pending within twelve months following the date  
14 a prior application was filed or until after the date the  
15 commission has issued a final order in any previously filed  
16 rate proceedings, whichever date is earlier, unless the public  
17 utility applies to the commission for authority and receives  
18 authority to place a portion of the subsequent rate filing  
19 into effect on an interim basis.

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EXPLANATION

21 This bill relates to the procedures and conditions under  
22 which the Iowa commerce commission grants a rate-regulated  
23 electric utility the right to collect temporary rates under  
24 bond pending final approval of rates.

25 The 1981 amendments, contained in HF 771, provided that  
26 the commission must rule on a request for temporary rate  
27 authority within 90 days after the date the request is filed.  
28 With respect to new generating plants, the ninety-day period  
29 for commission action does not commence until the date a new  
30 plant is put into service, as determined by the commission.

31 This bill removes the reference to the ninety-day period  
32 from the sentence relating to new generating plants. However,  
33 new language is added to provide that a utility could not  
34 begin collecting a rate increase applicable to a new generating  
35 plant prior to the date it is placed into service unless the

1 commission expressly authorizes it to do so.

2     The bill also strikes the minimum limit of five percent  
3 for the rate of interest payable on rate refunds, thus giving  
4 the commerce commission complete discretion in setting the  
5 rate of interest.

6     The bill would take effect July 1 following enactment.

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