

*Final Copy*

UTILITY RATE INCREASES AND ALTERNATIVE  
RATE STRUCTURES JOINT SUBCOMMITTEE  
OF THE  
STANDING COMMITTEES ON COMMERCE

Report to Members of the  
Second Session of the Sixty-seventh General Assembly

State of Iowa  
1978

## FINAL REPORT

### UTILITY RATE INCREASES AND ALTERNATIVE RATE STRUCTURES JOINT SUBCOMMITTEE

The Iowa legislative council authorized the appointment of a joint subcommittee, composed of five members from each of the House and Senate Standing Committees on Commerce, to investigate during the 1977-1978 legislative interim those issues which have been raised in the General Assembly with respect to increases in rates for utility services and the design of utility rates and rate structures. The following persons were appointed to serve on the joint subcommittee: Senator Eugene M. Hill, Senator Cliff Burroughs, Senator Fred W. Nolting, Senator Warren E. Curtis, Senator Norman G. Rodgers, Representative Thomas J. Jochum, Representative Joyce Lonergan, Representative William W. Dieleman, Representative Thomas J. Tauke, and Representative Cooper Evans. Senator Hill and Representative Jochum were elected by the members of the joint subcommittee to serve as permanent chairperson and vice-chairperson, respectively.

The subcommittee observed that various concerns had been expressed by legislators and their constituents about utility rates in Iowa, including rate design and structures, the practice of maintaining more than one rate-making proceeding before the Iowa state commerce commission at one time (so-called "pancaking"), the imposition of new rates prior to their approval by the commission, and the inability to distribute partial refunds when required by commission decision because of the inability to locate the persons entitled thereto. The joint subcommittee determined that the four days allotted for meetings would be used primarily to investigate the feasibility of adopting a prior approval rate regulation scheme, with any remaining time being devoted to the issue of alternative rate designs. The subcommittee selected the laws of Wisconsin as exemplary of a prior approval scheme, and staff were directed to prepare an in-depth report on the statutes, rules, and practices in that state. Under the direction of Chairperson Hill, staff examined the Wisconsin laws and administrative rules, and obtained interviews with representatives of the Wisconsin Public Service Commission, the Wisconsin Power and Light Company, and the Wisconsin Telephone Association. A report was submitted to the subcommittee. The subcommittee also obtained various data from the Iowa state commerce commission, and received commentary from the commission and several organizations having an interest in the work of the subcommittee.

The subcommittee directed the legislative service bureau to prepare for subcommittee consideration a bill draft amending chapter 476 of the Code to provide as follows;

1. That rate-regulated utilities be precluded from putting rate changes into effect until those changes have been approved.

Utility Rate Increases and Alternative  
Rate Structures Joint Subcommittee  
Final Report  
Page 2

2. That if the commission fails to render a decision on a rate change request within nine months of filing, that proposed rate change would take effect automatically.
3. That customers be given written notice of all proposed rate increases; and that upon the request of fifty or more affected customers an informational hearing be held in the affected utility service area whenever a rate increase request is filed.
4. That existing Code provisions permitting collecting of proposed rates under bond and requiring refunds be repealed.
5. That a rate-regulated utility be required to submit all supportive evidence at the time it files a rate change request with the commission.

The subcommittee deliberated the merits of the bill draft, and considered several amendments offered by subcommittee members. The bill draft, LSB 3250S, as amended, was submitted to the joint subcommittee as a proposed recommendation to the respective standing committees, but failed to receive the number of votes required by subcommittee rules.

All time allotted to the joint subcommittee was consumed in the consideration of the prior approval scheme and related issues, and thus other issues were not considered. The joint subcommittee adjourned sine die without recommendation.