

SENATE FILE 1013

FILED JAN 13 1972

By COMMITTEE ON COMMERCE
(Committee on Commerce)

Substituted for H.F. 1053 1/31/72

Passed Senate, Date 1-26-72 Passed House, Date 2-2-72
Vote: Ayes 40 Nays 3 Vote: Ayes 92 Nays 0
Approved 2-17-72

A BILL FOR

1 An Act relating to the rate of interest on public utility refunds
2 to customers.

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

4 Section 1. Section four hundred ninety A point six
5 (490A.6), unnumbered paragraph six (6), Code 1971, is amended
6 to read as follows:

7 However, a public utility shall have the right at any time
8 after said rates, charges, schedules or regulations have been
9 suspended for ninety days to place in effect any or all of
10 such suspended rates, charges, schedules or regulations by
11 filing with the commission a bond or other undertaking approved
12 by the commission conditioned upon the refund in a manner
13 to be prescribed by the commission of any amounts collected
14 thereunder in excess of the amounts which would have been
15 collected under rates, charges, schedules or regulations
16 finally approved by the commission. The commission shall
17 establish a rate of interest to be paid by a public utility
18 to persons receiving refunds.

EXPLANATION

19
20 The law presently allows public utilities to impose new
21 utility rates prior to the approval of these rates by the
22 Iowa State Commerce Commission. If the Commission finds these
23 rates to be excessive, it may order the public utility to
24 refund all or part of the moneys collected from the public
25 utility's customers. This bill provides that when moneys

1 are refunded, the Commission shall set the rate of interest
2 to be paid on the refunds.

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House

SENATE FILE 1013

1 Amend Senate File 1013 as follows:

2 1. Page 1, line 5, by striking the words and figure
3 "unnumbered paragraph six (6),".

4 2. Page 1, by striking lines 7 through 20, inclu-
5 sive, and inserting in lieu thereof the following:

6 490A.6 CHANGE OF RATES--HEARING. No public utility
7 subject to rate regulation shall make effective any
8 new or changed rate, charge, schedule or regulation
9 except by filing the same with the commission ~~at least~~
10 ~~thirty-days-prior-to-the-effective-date-thereof--The~~
11 ~~commission-for-good-cause-shown,-may-allow-changes~~
12 ~~in-rates,-charges,-schedules-or-regulations-to-become~~
13 ~~effective-on-less-than-thirty-days-notice~~ and, after
14 public hearings, the commission issues an order
15 authorizing new or changed rates, charges, schedules,
16 or regulations.

17 All public utilities, including those exempted from
18 rate regulation by the provisions of section 490A.1,
19 shall give written notice of any proposed increase of
20 any rate or charge to all affected customers served
21 by the public utility at least thirty days prior to
22 the effective date thereof and, in cases of utilities
23 subject to rate regulation, at least thirty days prior
24 to filing the proposed increase with the commission.

25 If the public utility is subject to rate regulation,
26 the notice to affected customers shall also state that
27 the customer has a right to file a written objection
28 to such rate increase. ~~and-that-he-may-request-the~~
29 ~~commission-to-hold~~ It is mandatory that a public hearing
30 be held to determine if such rate increase should be
31 allowed and the notice to each customer shall state
32 such fact. The commission shall prescribe the manner
33 and method that the written notice to each affected
34 customer of the public utility shall be served.

35 Nothing in this chapter shall be taken to prohibit
36 a public utility from establishing a sliding scale of
37 rates and charges or from making provision for the auto-
38 matic adjustment of rates and charges for public utility
39 service provided that a schedule showing such sliding
40 scale or automatic adjustment of rates and charges is
41 first filed with the commission.

42 Whenever there is filed with the commission by any
43 public utility subject to rate regulation any new or
44 changed rates, charges, schedules or regulations, the
45 commission ~~may,-prior-to-the-effective-date-thereof;~~
46 shall docket the case as a formal proceeding and set
47 the case for hearing. The commission shall give such
48 notice of such formal proceedings as it deems
49 appropriate. The decision of the commission shall be

50 made within twelve months following the filing of the
51 application for rate change with the commission, except,
52 that the commission may, for cause, delay the decision
53 beyond twelve months.

54 After the initiation of such formal proceedings and
55 pending the final decision thereon, the commission may;
56 ~~at-any-time-before-they-become-effective,~~ shall suspend
57 the operation of such new or changed rates, charges,
58 schedules or regulations, ~~but-not~~ for a period longer
59 than of twelve months from the date when they would
60 have become effective if not suspended.

61 However, if the commission has not issued the order
62 on the rate application filed by the public utility
63 within twelve months from the date the application was
64 filed, a public utility shall have the right ~~at-any~~
65 ~~time-after-said-rates,-charges,-schedules-or-regulations~~
66 ~~have-been-suspended-for-ninety-days~~ to place in effect
67 any or all of such suspended rates, charges, schedules
68 or regulations by filing with the commission a bond
69 or other undertaking approved by the commission
70 conditioned upon the refund in a manner to be prescribed
71 by the commission of any amounts collected thereunder
72 in excess of the amounts which would have been collected
73 under rates, charges, schedules or regulations finally
74 approved by the commission. The commission shall
75 establish a rate of interest to be paid by a public
76 utility to persons receiving refunds. Such rate of
77 interest shall be not less than five percent per annum
78 nor more than nine percent per annum.

79 If, after hearing and decision on all issues pre-
80 sented for determination in such rate proceeding, the
81 commission shall find the rates, charges, schedules
82 or regulations of the utility to be unlawful, the same
83 shall be set aside and the commission shall by order
84 authorize and direct the utility to file rates, charges,
85 schedules or regulations which, when approved by the
86 commission and placed in effect, will satisfy the
87 requirements of this chapter. The rates, charges,
88 schedules or regulations so approved shall be lawful
89 and effective unless changed as herein provided. In
90 the event a petition for rehearing is filed or an appeal
91 is taken from an order concerning rates, charges,
92 schedules or regulations which are in effect under bond,
93 those rates, charges, schedules or regulations may be
94 continued in effect by the utility under the terms of
95 a bond or other undertaking pending final determination
96 of the application for rehearing or appeal from an order
97 of the commission.

98 The provisions of this section shall apply in all
99 cases in which the rate application is filed on or after
100 July 1, 1972. However, the commission shall establish
101 the rate of interest to be paid by a public utility
102 to persons receiving refunds on new rates, charges,
103 schedules, and regulations implemented prior to July
104 1, 1972 and being collected on or after July 1, 1972.

105 3. Amend the title, page 1, line 1, by striking
106 everything after the word "relat.ng" and inserting in
107 lieu thereof the words "to public utility rate
108 regulation."

House

SENATE FILE 1013

1 Amend Senate File 1013, as passed by the Senate,
 2 line 16, by inserting after the period the following:
 3 "In the event the commission determines that the
 4 rates, charges, schedules, or regulations so put into
 5 effect by a public utility were unreasonable or
 6 grossly disproportionate to the rates, charges,
 7 schedules, or regulations allowed, the commission
 8 shall further set an additional rate of return to each
 9 customer as a penalty to such public utility in
 10 addition to any interest allowed."

Filed - *Law 3/2/72*
January 28, 1972

By GLUBA of Scott
SMALL of Johnson

SENATE FILE 1013

1 Amend Senate File 1013, as passed by the Senate
 2 page 1, line 16, by inserting after the period the
 3 following:
 4 "However, prior to the expiration of such ninety
 5 (90) day period, the commission shall hold a prelimin-
 6 ary hearing upon reasonable notice to all interested
 7 parties. At such hearing the commission shall review
 8 the application of the utility and receive all other
 9 relevant and material evidence, which is then known,
 10 pertaining to the need and amount of such increased
 11 rates, charges, schedules, or regulations. The
 12 commission shall, by order, before the expiration of
 13 such ninety (90) days, allow only that part of, or all
 14 of the requested increased rates, charges, schedules,
 15 or regulations that it, at that time, finds reasonably
 16 probable to be allowed. The commission may upon final
 17 hearing further increase or decrease the rates, charges,
 18 schedules or regulations allowed to go into effect
 19 upon its preliminary order."

Filed - *Law 3/2/72*
January 28, 1972

By SMALL of Johnson
GLUBA of Scott

SENATE FILE 1013

1 Amend Senate File 1013 as amended and passed
 2 by the Senate as follows:
 3 1. Line 5, by striking the word "amended"
 4 and inserting in lieu thereof the words "hereby
 5 repealed."
 6 2. By striking all of Section 1 after line
 7 5 and inserting in lieu thereof the following:
 8 "Sec. 2. Section four hundred ninety A point
 9 six (490.6), unnumbered paragraph seven (7), Code
 10 1971, is amended by striking all of the paragraph
 11 after the period in unnumbered line thirteen (13)."

Filed - *Richard and germane 4/11/72*
January 28, 1972

By WILLITS of Polk
PELTON of Clinton
JESSE of Polk

House

1 Amend Senate File 1013, as amended and passed
2 by the Senate, by adding to Section one (1) the
3 following new sentence:
4 "Any refunds ordered that cannot be delivered
5 to the customer within one year after such order
6 because the customer has moved, died, or otherwise
7 cannot be found shall revert to the state of Iowa
8 under the provisions of chapter five hundred fifty-
9 six (556) of the Code, the limitations contained
10 therein to the contrary notwithstanding."

Filed *Jan 31/72*
January 31, 1972

By BLOUIN of Dubuque

Senate

1 Amend Senate File 1013, line 18 after the period by
2 adding the following: "Such rate shall not exceed nine
3 cents on the hundred by the year."

Filed By COMMITTEE ON COMMERCE
January 13, 1972 *Withdrawn 1/19*

SENATE FILE 1013

1 Amend Senate File 1013, line 18 after the period by adding
2 the following: "Such rate of interest shall be not less
3 than five percent per annum, nor more than nine percent per
4 annum."

Filed *Withdrawn 1/26* By RABEDEAUX
January 19, 1972

SENATE FILE 1013

1 Amend Senate File 1013, as follows:
2 1. Line 5, by striking the word "amended" and inserting
3 in lieu thereof the words "hereby repealed."
4 2. By striking all on lines 6 through 18.

Filed *Lost 1/26* By GLENN
January 19, 1972

1 Amend Senate File 1013, line 18, after the period by adding
2 the following:
3 "Such rate of interest shall be not less than five percent
4 per annum, nor more than nine percent per annum."

Filed *reinserted 1/26* By RABEDEAUX
January 25, 1972

1 Amend Senate File 1013, line 16, by adding after the first
2 word, "commission." the following:
3 "In the event the commission determines that the rates,
4 charges, schedules, or regulations so put into effect by a
5 public utility were unreasonable or grossly disproportionate
6 to the rates, charges, schedules, or regulations allowed,
7 the commission shall further set an additional rate of return
8 to each customer as a penalty to such public utility in
9 addition to any interest allowed."

Filed and lost. By GAUDINEER
January 26, 1972

1 Amend Senate File 1013, line 9 by striking the
2 word "ninety" and inserting in lieu thereof the
3 words "ninety" , "one hundred eighty".

Filed and lost. By DODERER nad PALMER
January 26, 1972

1 Amend Senate File 1013, page 1, line 16, by inserting
2 after the period (.), the following:

3 "However, prior to the expiration of such ninety (90)
4 day period, the commission shall hold a preliminary hearing
5 upon reasonable notice to all interested parties. At such
6 hearing the commission shall review the application of the
7 utility and receive all other relevant and material evidence,
8 which is then known, pertaining to the need and amount of
9 such increased rates, charges, schedules, or regulations.
10 The commission shall, by order, before the expiration of
11 such ninety (90) days, allow only that part of, or all of
12 the requested increased rates, charges, schedules, or regu-
13 lations that it, at that time, finds reasonably probable
14 to be allowed. The commission may upon final hearing further
15 increase or decrease the rates, charges, schedules or regula-
16 tions allowed to go into effect upon its preliminary order."

Filed and lost
January 26, 1972

By GAUDINEER