

SENATE FILE 2018  
BY HALVORSON

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

**A BILL FOR**

1 An Act relating to price determination for acquisition of certain  
2 electric facilities.

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

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S.F. 2018

1 Section 1. Section 476.23, subsection 1, Code 1995, is  
2 amended to read as follows:

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

1 "reasonable price" means original cost less depreciation of  
2 the facilities being acquired.

3 EXPLANATION

4 This bill addresses the situation where a municipal  
5 corporation or an electric utility (petitioner) has been  
6 issued a certificate of authority from the Iowa utilities  
7 board allowing the municipal corporation or electric utility  
8 to furnish electricity to a customer that is already receiving  
9 electric service from another utility. When a petitioner is  
10 issued a certificate of authority, the petitioner must pay a  
11 reasonable price for the facilities of the electric utility  
12 presently serving the customer. Current law requires that the  
13 Iowa utilities board determine what a reasonable price would  
14 be by taking into account due consideration of the cost of the  
15 facilities being acquired, any necessary generating capacity  
16 and transmission capacity dedicated to the customer,  
17 depreciation, loss of revenue, and the cost of facilities  
18 necessary to reintegrate the system of the utility after  
19 detaching the portion that was sold.

20 This bill changes the factors for determining what  
21 constitutes a "reasonable price" by defining reasonable price  
22 as the original cost less depreciation of the facilities being  
23 acquired.

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