

4/3/97 Unfinished Business Calendar
4/29/97 Referred to Comm. Comm.

MAR 12 1997
Place On Calendar

HOUSE FILE 564
BY COMMITTEE ON COMMERCE
AND REGULATION

(SUCCESSOR TO HSB 186)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the review of the reorganization of a public
2 utility and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 564

1 Section 1. Section 476.77, subsection 1, Code 1997, is
2 amended to read as follows:

3 1. A reorganization shall not take place if unless the
4 board disapproves approves. Prior to reorganization, the
5 applicant shall file with the board a proposal for
6 reorganization with supporting testimony and evidence to
7 establish that the reorganization is not contrary to the
8 interests of the public utility's ratepayers and the public
9 interest.

10 Sec. 2. Section 476.77, subsection 2, Code 1997, is
11 amended by striking the subsection and inserting in lieu
12 thereof the following:

13 2. The board shall act on an application within one
14 hundred eighty days after the filing of the application. The
15 board, for good cause shown, may extend the deadline for
16 acting on an application by an additional one hundred twenty
17 days. The board may docket an application for hearing. If
18 docketed for hearing, the notice of hearing shall be provided
19 no later than fifty days after the application for
20 reorganization has been filed. In approving an application
21 for reorganization, the board may impose reasonable conditions
22 limited to the proposed transaction described in the
23 application. If the terms of a reorganization are modified by
24 the applicants prior to the effective date of the
25 reorganization, or by another jurisdiction after the board's
26 approval, the board may reconsider the application.

27 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
28 immediate importance, is effective upon enactment.

29 EXPLANATION

30 This bill amends Code section 476.77 relating to the review
31 of public utility reorganizations.

32 The bill provides that a public utility reorganization must
33 receive the prior approval of the utilities board. Currently,
34 such reorganization takes place unless the board disapproves.

35 The bill increases the time period for review by the board

1 of the reorganization from 90 to 180 days. The bill also
2 provides that the board, for good cause, may extend the time
3 period for review by an additional 120 days. Upon approval,
4 the board is authorized to impose reasonable conditions
5 limited to the proposed transaction and to reconsider the
6 application if the terms of the reorganization are modified.

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HOUSE FILE 564

H-1201

1 Amend House File 564 as follows:

2 1. Page 1, line 1, by striking the words and
3 figures "subsection 1, Code 1997, is" and inserting
4 the following: "subsections 1 and 3, Code 1997, are".

5 2. Page 1, line 9, by inserting after the word
6 "interest." the following: "The proposal shall
7 include information concerning each of the
8 considerations identified in subsection 3.

9 3. In its review of a proposal for reorganization,
10 the board may consider all of the following:

11 a. Whether the board will have reasonable access
12 to books, records, documents, and other information
13 relating to the public utility or any of its
14 affiliates.

15 b. Whether the public utility's ability to attract
16 capital on reasonable terms, including the maintenance
17 of a reasonable capital structure, is impaired.

18 c. Whether the ability of the public utility to
19 provide safe, reasonable, and adequate service is
20 impaired, including whether the reorganized public
21 utility will maintain administrative, technical, and
22 operational personnel within this state necessary for
23 the delivery of safe, reasonable, and adequate service
24 and facilities.

25 d. Whether ~~ratepayers-are-detrimentally-affected~~
26 to the fullest extent possible, the reorganization
27 will produce demonstrable, direct, and substantial net
28 benefits to affected ratepayers in both the short-term
29 and long-term, and that all classes of ratepayers will
30 receive similar benefits.

31 e. Whether the reorganization will have an adverse
32 impact on competition in this state for any utility
33 service.

34 f. Whether the reorganization will benefit local
35 and state economies, including job creation and
36 retention, and the communities in the area served by
37 the public utility.

38 g. Whether the reorganization will maintain and
39 improve the ability of the state to protect and
40 improve the environment, promote renewable energy,
41 require energy conservation, and require long-term
42 resource planning by public utilities.

43 e. h. Whether the public interest is detrimentally
44 affected."

By VANDE HOEF of Osceola

H-1201 FILED MARCH 17, 1997

HOUSE FILE 564

H-1197

- 1 Amend House File 564 as follows:
- 2 1. Page 1, line 1, by striking the words and
- 3 figures "subsection 1, Code 1997, is" and inserting
- 4 the following: "subsections 1 and 3, Code 1997, are".
- 5 2. Page 1, by inserting after line 9 the
- 6 following:
- 7 "3. In its review of a proposal for
- 8 reorganization, the board may shall consider all of
- 9 the following:
- 10 a. Whether the board will have reasonable access
- 11 to books, records, documents, and other information
- 12 relating to the public utility or any of its
- 13 affiliates.
- 14 b. Whether the public utility's ability to attract
- 15 capital on reasonable terms, including the maintenance
- 16 of a reasonable capital structure, is impaired.
- 17 c. Whether the ability of the public utility to
- 18 provide safe, reasonable, and adequate service is
- 19 impaired.
- 20 d. Whether ratepayers are detrimentally affected.
- 21 e. Whether the public interest is detrimentally
- 22 affected.
- 23 f. Whether the reorganization will adversely
- 24 impact competition in the market in this state for any
- 25 gas or electric service.
- 26 g. Whether the reorganization will benefit the
- 27 communities in the area served by the public utility,
- 28 and will benefit the local and state economy with
- 29 respect to, among other factors, job creation and
- 30 retention.
- 31 h. Whether the reorganization will maintain and
- 32 improve the ability of the state to protect and
- 33 improve the environment, promote energy conservation,
- 34 and require long-term resource planning by the public
- 35 utility."

By WISE of Lee

H-1197 FILED MARCH 17, 1997

HOUSE FILE 564

H-1243

- 1 Amend House File 564 as follows:
- 2 1. Page 1, by inserting before line 1 the
- 3 following:
- 4 "Section 1. Section 476.76, subsection 1, Code
- 5 1997, is amended to read as follows:
- 6 1. The acquisition, sale, lease, or any other
- 7 disposition, directly or indirectly, including by
- 8 merger or consolidation, of ~~the whole or any~~
- 9 substantial-part more than twenty percent of a public
- 10 utility's assets."
- 11 2. Title page, line 1, by striking the words "the
- 12 review of".
- 13 3. By renumbering as necessary.

By RANTS of Woodbury
 KREMER of Buchanan
 DRAKE of Pottawattamie

H-1243 FILED MARCH 19, 1997

Metcalfe, CHAIR
Van Fossen
Koenigs

HSB 186

COMMERCE AND REGULATION
Succeeded By

HOUSE FILE SF HP 564
BY (PROPOSED COMMITTEE ON
COMMERCE AND REGULATION
BILL BY CHAIRPERSON METCALFE)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
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1 Section 1. Section 476.77, subsection 1, Code 1997, is
2 amended to read as follows:

3 1. A reorganization shall not take place ~~if~~ unless the
4 board ~~disapproves~~ approves. Prior to reorganization, the
5 applicant shall file with the board a proposal for
6 reorganization with supporting testimony and evidence to
7 establish that the reorganization is not contrary to the
8 interests of the public utility's ratepayers and the public
9 interest.

10 Sec. 2. Section 476.77, subsection 2, Code 1977, is
11 amended by striking the subsection and inserting in lieu
12 thereof the following:

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14 hundred eighty days after the filing of the application. The
15 board, for good cause shown, may extend the deadline for
16 acting on an application by an additional one hundred twenty
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