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SENATE FILE 521
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 132)

Passed Senate, Date _____ Passed House, 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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S.F. 521

1 Section 1. Section 476.77, subsections 1 and 3, Code 1997,
2 are 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. The proposal shall include information concerning
10 each of the considerations identified in subsection 3.

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

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

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

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

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

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

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

35 g. Whether the reorganization will maintain and improve

1 the ability of the state to protect and improve the
2 environment, promote renewable energy, require energy
3 conservation, and require long-term resource planning by
4 public utilities.

5 e. h. Whether the public interest is detrimentally
6 affected.

7 Sec. 2. Section 476.77, subsection 2, Code 1977, is
8 amended by striking the subsection and inserting in lieu
9 thereof the following:

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

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

26 EXPLANATION

27 This bill amends Code section 476.77 relating to the review
28 of public utility reorganizations.

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

32 The bill provides that the proposal submitted by the
33 applicant must contain information regarding whether the
34 reorganized public utility will maintain administrative,
35 technical, and operational personnel within this state

1 necessary for the delivery of safe, reasonable, and adequate
2 service and facilities; whether to the fullest extent
3 possible, the reorganization will produce demonstrable,
4 direct, and substantial net benefits to all affected classes
5 of ratepayers in both the short-term and long-term; whether
6 the reorganization will have an adverse impact on competition
7 in this state for any utility service; whether the
8 reorganization will benefit local and state economies,
9 including job creation and retention, and the communities in
10 the area served by the public utility; and whether the
11 reorganization will maintain and improve the ability of the
12 state to protect and improve the environment, promote
13 renewable energy, require energy conservation, and require
14 long-term resource planning by public utilities.

15 The bill increases the time period for review by the board
16 of the reorganization from 90 to 180 days. The bill also
17 provides that the board, for good cause, may extend the time
18 period for review by an additional 120 days. Upon approval,
19 the board is authorized to impose reasonable conditions
20 limited to the proposed transaction and to reconsider the
21 application if the terms of the reorganization are modified.

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