

House Study Bill 640 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
GOVERNMENT OVERSIGHT BILL
BY CHAIRPERSON KAUFMANN)

A BILL FOR

1 An Act relating to the construction, erection, maintenance,
2 operation, or sale of specified electric transmission lines,
3 and including effective date and applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 478.6A Merchant line franchises
2 — requirements — limitations.

3 1. a. For purposes of this section, "bifurcation" means
4 the conducting of two separate hearings when a petition
5 involves the taking of property under eminent domain, one
6 hearing considering whether the proposed line is necessary to
7 serve a public use and represents a reasonable relationship
8 to an overall plan of transmitting electricity in the public
9 interest, and the other considering the granting of eminent
10 domain authority.

11 b. For purposes of this section, "merchant line" means a
12 high-voltage direct current electric transmission line which
13 does not provide for the erection of electric substations at
14 intervals of less than fifty miles, which substations are
15 necessary to accommodate both the purchase and sale to persons
16 located in this state of electricity generated or transmitted
17 by the franchisee.

18 2. A petition for a franchise to construct a merchant line,
19 in addition to any other applicable requirements pursuant to
20 this chapter, shall be subject to the following:

21 a. A petitioner for a franchise to construct a merchant line
22 shall be limited to two requests for bifurcation of a hearing
23 on the petition.

24 b. A person who is employed by or is in any way affiliated
25 with a petitioner for a franchise to construct a merchant
26 line shall not serve on any local board, commission, council,
27 or committee operating within or associated with any county
28 through which the proposed merchant line would be constructed.

29 c. Notwithstanding section 478.10, the sale and transfer of
30 a merchant line, by voluntary or judicial sale or otherwise,
31 shall not carry with it the transfer of the franchise.

32 d. Notwithstanding section 478.21, if a merchant line
33 that involves the taking of property under eminent domain is
34 not constructed in whole or in part within two years of the
35 first date of notification of an owner of record and party

1 in possession of property over which the use of the right of
2 eminent domain is sought, the franchise shall be forfeited
3 and the utilities board shall revoke the franchise and make a
4 record of the revocation.

5 e. Before a permit for a franchise to construct a merchant
6 line is granted under this chapter, the petitioner must file
7 and maintain with the board a surety bond in a penal sum equal
8 to fifteen percent of the estimated overall construction
9 cost of the project, with surety approved by the board,
10 conditioned that the applicant will pay any and all damages
11 legally recovered against it growing out of the construction,
12 maintenance, or operation of the transmission line in this
13 state.

14 f. A person who is employed by or contracts with a
15 petitioner for a merchant line and who is involved in the
16 construction of the merchant line in any capacity shall
17 be a resident of this state throughout the duration of the
18 construction period.

19 Sec. 2. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
20 immediate importance, takes effect upon enactment.

21 Sec. 3. APPLICABILITY. This Act is applicable to petitions
22 for franchise filed on or after November 1, 2014, that have not
23 been acted upon by the utilities board on the effective date of
24 this Act and to petitions for franchise filed on or after the
25 effective date of this Act.

26 EXPLANATION

27 The inclusion of this explanation does not constitute agreement with
28 the explanation's substance by the members of the general assembly.

29 This bill modifies and adds provisions in Code chapter 478
30 applicable to merchant transmission lines. The bill defines a
31 "merchant line" to mean a high-voltage direct current electric
32 transmission line which does not provide for the erection of
33 electric substations at intervals of less than 50 miles, which
34 substations are necessary to accommodate both the purchase and
35 sale to persons located in Iowa of electricity generated or

1 transmitted by the franchisee.

2 The bill specifies several requirements, limitations, or
3 restrictions applicable to merchant lines, in addition to any
4 other applicable provisions in Code chapter 478. The bill
5 provides that a petitioner for a franchise to construct a
6 merchant line shall be limited to two requests for bifurcation
7 of a hearing on the petition. The bill defines "bifurcation"
8 to mean the conducting of two separate hearings when a petition
9 involves the taking of property under eminent domain. One
10 hearing is to consider whether the proposed line or lines are
11 necessary to serve a public use and represents a reasonable
12 relationship to an overall plan of transmitting electricity in
13 the public interest, and the other is to consider the granting
14 of eminent domain authority.

15 The bill provides that a person who is employed by or
16 is in any way affiliated with a petitioner for a franchise
17 to construct a merchant line shall not serve on any local
18 board, commission, council, or committee operating within or
19 associated with any county through which the proposed merchant
20 line would be constructed. The bill also provides that a
21 franchise for a merchant line shall not be transferred in a
22 sale of the merchant line.

23 Additionally, the bill provides that if a merchant line
24 that involves the taking of property under eminent domain is
25 not constructed in whole or in part within two years of the
26 first date of notification of an owner of record and party
27 in possession of property over which the use of the right of
28 eminent domain is sought, the franchise shall be forfeited and
29 revoked.

30 Further, the bill provides that before a permit for a
31 franchise to construct a merchant line is granted, the
32 petitioner must file and maintain with the Iowa utilities
33 board a surety bond equal to 15 percent of the estimated
34 overall construction cost of the project, conditioned that
35 the applicant will pay any and all damages legally recovered

1 against it growing out of the construction, maintenance, or
2 operation of the transmission line in this state.

3 Finally, the bill requires a person who is employed by or
4 contracts with a petitioner for the construction of a merchant
5 line in any capacity to be an Iowa resident throughout the
6 duration of the construction period.

7 The bill takes effect upon enactment and is applicable to
8 petitions for franchise filed on or after November 1, 2014,
9 that have not been acted upon by the board on the bill's
10 effective date and to petitions for franchise filed on or after
11 the bill's effective date.