

**Senate Study Bill 3084 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON COMMERCE BILL BY  
CHAIRPERSON DAWSON)

**A BILL FOR**

1 An Act relating to rate regulatory proceedings before the  
2 utilities board within the utilities division of the  
3 department of commerce.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 476.6, subsection 7, Code 2020, is  
2 amended to read as follows:

3 7. *Limitation on filings.*

4 a. A public utility that utilizes a historic test year in a  
5 rate regulatory proceeding pursuant to section 476.33 shall not  
6 make a subsequent filing of an application for a new or changed  
7 rate, charge, schedule, or regulation which relates to services  
8 for which a rate filing is pending within twelve months  
9 following the date the prior application was filed or until  
10 the board has issued a final order on the prior application,  
11 whichever date is earlier, unless the public utility applies  
12 to the board for authority and receives authority to make a  
13 subsequent filing at an earlier date.

14 b. A public utility that utilizes a future test year in a  
15 rate regulatory proceeding pursuant to section 476.33 shall  
16 not file an application for a new or changed rate, charge,  
17 schedule, or regulation within twenty-four months following  
18 the date the board has issued a final order related to the  
19 subsequent proceeding unless the public utility applies to the  
20 board for authority and receives authority to make a subsequent  
21 filing at an earlier date.

22 Sec. 2. Section 476.6, subsection 9, paragraph a, Code 2020,  
23 is amended to read as follows:

24 a. A If a public utility utilizes a historic test year in  
25 a rate regulatory proceeding pursuant to section 476.33, the  
26 public utility may choose to place in effect temporary rates,  
27 charges, schedules, or regulations without board review on or  
28 after ten days following the filing date under [this section](#).  
29 If the utility chooses to place such rates, charges, schedules,  
30 or regulations in effect, the utility shall file with the  
31 board a bond or other corporate undertaking approved by the  
32 board conditioned upon the refund in a manner prescribed by  
33 the board of amounts collected in excess of the amounts which  
34 would have been collected under rates, charges, schedules, or  
35 regulations finally approved by the board. At the conclusion

1 of the proceeding if the board determines that the temporary  
2 rates, charges, schedules, or regulations placed in effect  
3 under this paragraph were not based on previously established  
4 regulatory principles, the board shall consider ordering  
5 refunds based upon the overpayments made by each individual  
6 customer class, rate zone, or customer group. If the board  
7 has not rendered a final decision with respect to suspended  
8 rates, charges, schedules, or regulations upon the expiration  
9 of ten months after the filing date, plus the length of any  
10 delay that necessarily results either from the failure of the  
11 public utility to exercise due diligence in connection with  
12 the proceedings or from intervening judicial proceedings,  
13 plus the length of any extension permitted by section 476.33,  
14 subsection 3, then such temporary rates, charges, schedules, or  
15 regulations placed into effect on a temporary basis shall be  
16 deemed finally approved by the board and the utility may place  
17 them into effect on a permanent basis.

18 Sec. 3. Section 476.33, subsection 4, unnumbered paragraph  
19 1, Code 2020, is amended to read as follows:

20 The board shall adopt rules that require the board, in  
21 rate regulatory proceedings under sections 476.3, to utilize  
22 a historic test year, and in rate regulatory proceedings  
23 under section 476.6, to utilize either a historic test year  
24 or a future test year at the rate-regulated public utility's  
25 discretion.

26 Sec. 4. Section 476.33, subsection 4, paragraph b, Code  
27 2020, is amended to read as follows:

28 *b.* For a rate regulatory proceeding utilizing a future test  
29 year, the rules shall require the board to consider the use  
30 of any twelve-month period beginning no later than the date  
31 on which a proposed rate change is expected to take effect in  
32 determining just and reasonable rates. The rules shall also  
33 require the board to ~~conduct~~ initiate a proceeding ~~subsequent~~  
34 ~~to~~ within eighteen months after the effective date of a rate  
35 resulting from a rate regulatory proceeding utilizing a future

1 test year to determine whether the actual costs and revenues  
2 are reasonably consistent with those approved by the board. If  
3 ~~the actual costs and revenues are not reasonably consistent~~  
4 ~~with those approved by the board~~ board determines a public  
5 utility's rates are excessive, the board shall adjust reduce  
6 the rates accordingly and shall order refunds based upon the  
7 overpayment made by each customer class, rate zone, or customer  
8 group. The refund shall include interest as determined by  
9 the board pursuant to section 476.6, subsection 9, paragraph  
10 "c". For a rate regulatory proceeding utilizing a future test  
11 year, the board ~~may~~ shall also adopt rules regarding evidence  
12 required, information to support forecasts, and any reporting  
13 obligations. The board ~~may~~ shall also adopt rules regarding  
14 the conditions under which a public utility that utilizes a  
15 future test year may subsequently utilize a historic test year.  
16 A public utility shall not be precluded from filing a rate  
17 regulatory proceeding utilizing a future test year prior to the  
18 adoption of any rules pursuant to this subsection. A public  
19 utility utilizing a future test year in a rate regulatory  
20 proceeding shall not do any of the following:

21 (1) Place in effect temporary rates, charges, schedules, or  
22 regulations pursuant to section 476.6, subsection 9, paragraph  
23 "a".

24 (2) Propose the use of multiple future test years in the  
25 same rate regulatory proceeding.

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 relates to rate regulatory proceedings before the  
30 utilities board within the utilities division of the department  
31 of commerce.

32 Current law provides that a public utility shall not,  
33 without the approval of the board, make a subsequent filing of  
34 an application or a new or changed rate, charge, schedule, or  
35 regulation which relates to services for which a rate filing

1 is pending within 12 months following the date the prior  
2 application was filed or the board has issued a final order on  
3 the prior application, whichever date is earlier. The bill  
4 limits this prohibition to a public utility that utilizes a  
5 historic test year in a rate regulatory proceeding pursuant to  
6 Code section 476.33. The bill prohibits a public utility that  
7 utilizes a future test year in a rate regulatory proceeding  
8 under Code section 476.33 from filing an application for a new  
9 or changed rate, charge, schedule, or regulation within 24  
10 months following the date the board has issued a final order  
11 related to the proceeding, unless the board approves an earlier  
12 filing.

13 Current law allows public utilities to place in effect  
14 temporary rates, charges, schedules, or regulations without  
15 board review on or after 10 days following the filing date  
16 under Code section 476.6. The bill provides only a public  
17 utility that utilizes a historic test year under Code section  
18 476.33 may place in effect such temporary rates, charges,  
19 schedules, or regulations.

20 Current law provides that the board is to adopt rules that  
21 require the board to utilize either a historic test year  
22 or a future test year in rate regulatory proceedings under  
23 Code section 476.3, relating to the reasonableness of rates,  
24 charges, schedules, service, regulations, or anything done  
25 or omitted to be done by a public utility, or Code section  
26 476.6, relating to changes in rates, charges, schedules, or  
27 regulations. The bill changes this provision to require the  
28 board to utilize only a historic test year, rather than a  
29 future test year, in rate regulatory proceedings under Code  
30 section 476.3.

31 Current law provides the rules adopted by the board shall  
32 require the board to conduct a proceeding subsequent to the  
33 effective date of a rate resulting from a rate regulatory  
34 proceeding utilizing a future test year to determine whether  
35 the actual costs and revenues are reasonably consistent with

1 those approved by the board. The bill provides the rules  
2 adopted by the board shall require the board to initiate the  
3 proceeding within 18 months after the effective date.

4 Current law provides that if the proceeding results in  
5 the board determining the actual costs and revenues are not  
6 reasonably consistent with those approved by the board, the  
7 board shall adjust the rates accordingly. The bill provides  
8 that the board shall order refunds based on overpayments by  
9 a customer class, rate zone, or customer group of revenues  
10 collected after the effective date of the rate that the board  
11 determines to be excessive. The bill also provides the refunds  
12 are to include interest as determined by the board pursuant to  
13 Code section 476.6, subsection 9, paragraph "c".

14 Current law provides, for a rate regulatory proceeding  
15 utilizing a future test year, that the board may adopt rules  
16 regarding evidence required, information to support forecasts,  
17 any reporting obligations, and rules regarding the conditions  
18 under which a public utility that utilizes a future test year  
19 may subsequently utilize a historic test year. The bill  
20 provides the board is required to adopt rules in each of these  
21 instances.

22 The bill provides that a public utility utilizing a future  
23 test year in a rate regulatory proceeding shall not place in  
24 effect temporary rates, charges, schedules, or regulations  
25 pursuant to Code section 476.6, subsection 9, paragraph "a", or  
26 propose the use of multiple future test years in the same rate  
27 regulatory proceeding.