

**House Study Bill 206 - Introduced**

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON COMMERCE BILL BY  
CHAIRPERSON LUNDGREN)

**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 2021, 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 until after the date the board has  
18 issued a final order related to the subsequent proceeding  
19 unless the public utility applies to the board for authority  
20 and receives authority to make a subsequent filing.

21 Sec. 2. Section 476.6, subsection 9, paragraph a, Code 2021,  
22 is amended to read as follows:

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

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

17 Sec. 3. Section 476.33, subsection 4, paragraph b, Code  
18 2021, is amended to read as follows:

19 *b.* For a rate regulatory proceeding utilizing a future test  
20 year, the rules shall require the board to consider the use  
21 of any twelve-month period beginning no later than the date  
22 on which a proposed rate change is expected to take effect  
23 in determining just and reasonable rates. The rules shall  
24 also require the board to conduct a proceeding subsequent to  
25 the effective date of a rate resulting from a rate regulatory  
26 proceeding utilizing a future test year to determine whether  
27 the actual costs and revenues are reasonably consistent with  
28 those approved by the board. If the actual costs and revenues  
29 are not reasonably consistent with those approved by the  
30 board, the board shall adjust the rates accordingly. For a  
31 rate regulatory proceeding utilizing a future test year, the  
32 board may adopt rules regarding evidence required, information  
33 to support forecasts, and any reporting obligations. The  
34 board may also adopt rules regarding the conditions under  
35 which a public utility that utilizes a future test year may

1 subsequently utilize a historic test year. A public utility  
2 shall not be precluded from filing a rate regulatory proceeding  
3 utilizing a future test year prior to the adoption of any rules  
4 pursuant to this subsection. A public utility that utilizes  
5 a future test year in a rate regulatory proceeding shall not  
6 propose the use of multiple future test years in the same rate  
7 regulatory proceeding.

8 Sec. 4. Section 476.33, subsection 4, Code 2021, is amended  
9 by adding the following new paragraph:

10 NEW PARAGRAPH. *0c.* For the proceeding subsequent to the  
11 effective date of a rate resulting from a rate regulatory  
12 proceeding utilizing a future test year, the rules shall  
13 establish filing requirements for the subsequent proceeding,  
14 procedural rules, and standards of reasonableness for  
15 determining whether the actual costs and revenues are  
16 reasonably consistent with those approved by the board and if  
17 refunds, reduced rates, or increased rates should be required.  
18 The subsequent proceeding shall be based upon twelve months of  
19 actual data beginning from the date that the rates based upon a  
20 future test year became effective, and the board shall conduct  
21 a hearing within ninety days after the public utility files  
22 the twelve-month data with the board, if the board determines  
23 that a hearing is necessary. The public utility shall file  
24 the twelve-month data within ninety days of the end of the  
25 twelve-month period. The board shall issue a final order  
26 within one hundred twenty days after the public utility files  
27 the twelve-month data required for the subsequent proceeding.

28 EXPLANATION

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

31 This bill relates to rate regulatory proceedings before the  
32 utilities board within the utilities division of the department  
33 of commerce.

34 The bill prohibits a public utility that utilizes a historic  
35 test year in a rate regulatory proceeding from making a

1 subsequent filing of an application for a new or changed rate  
2 which relates to services for which a rate filing is pending  
3 within 12 months following the date the prior application  
4 was filed or until the board has issued a final order on  
5 the prior application, whichever date is earlier, unless the  
6 public utility applies to the board and receives authority.  
7 Additionally, the bill prohibits a public utility that utilizes  
8 a future test year in a proceeding from filing an application  
9 for a new or changed rate until after the board has issued an  
10 order related to the subsequent proceeding unless the public  
11 utility applies to the board and receives authority.

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

19 The bill prohibits a public utility that utilizes a future  
20 test year in a rate regulatory proceeding from proposing the  
21 use of multiple future test years in the same proceeding.

22 Current law requires the board to adopt rules that require  
23 the board to utilize either a historic test year or a future  
24 test year in a rate regulatory proceeding. With respect  
25 to proceedings that take place after the effective date of  
26 a rate resulting from a proceeding utilizing a future test  
27 year, the bill requires the board's rules to establish filing  
28 requirements and standards of reasonableness for determining  
29 whether the actual costs and revenues are consistent with  
30 those approved by the board. The bill requires the subsequent  
31 proceeding to be based on 12 months of data. Additionally, the  
32 bill requires the public utility to file the data within 90  
33 days of the end of the 12-month period, and requires the board  
34 to issue a final order within 120 days after the public utility  
35 files the data.