

Senate Study Bill 3125 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON SCHULTZ)

A BILL FOR

1 An Act relating to the regulation of specified gas and electric
2 utilities.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 364.3, subsection 13, paragraph b,
2 subparagraph (2), Code 2022, is amended to read as follows:

3 (2) Paragraph "a" does not apply to an ordinance, motion,
4 resolution, or amendment relating to the rates, services, or
5 governance of a municipally owned public utility providing
6 gas service to the public for compensation and subject to
7 the jurisdiction of the utilities board of the department of
8 commerce pursuant to ~~section 476.1B~~ 476.1A.

9 Sec. 2. Section 476.1A, Code 2022, is amended by striking
10 the section and inserting in lieu thereof the following:

11 **476.1A Applicability of authority — certain utilities.**

12 1. For purposes of this section, unless the context
13 otherwise requires:

14 a. "*Engineering standards*" means standards adopted by the
15 American national standards institute, or the institute of
16 electrical and electronics engineers, rural utilities service,
17 or comparable engineering organization or engineering standards
18 adopted by the board.

19 b. "*Safety standards*" means applicable regulations
20 promulgated by the United States occupational safety and health
21 administration and by Iowa occupational safety and health
22 administration. Safety standards for electric utilities
23 subject to this section also include those contained in the
24 national electric safety code, as published by the institute
25 of electrical and electronic engineers, inc. and approved by
26 the American national standards institute. Safety standards
27 for municipal gas utilities subject to this section include the
28 pipeline safety rules contained in the federal regulations at
29 49 C.F.R. pts. 191 - 193 and 199.

30 2. Electric public utilities having fewer than ten thousand
31 customers, electric cooperative corporations and associations,
32 and municipally owned utilities furnishing gas or electricity
33 are not subject to the regulation authority of the board,
34 except for regulatory action pertaining to the following:

35 a. Assessment of fees for the support of the division and

- 1 the office of consumer advocate, pursuant to section 476.10.
2 *b.* Safety standards.
3 *c.* Procedures and requirements for disconnection of service,
4 as set forth in section 476.20, subsections 1 through 4.
5 *d.* Assigned area of service, as set forth in sections 476.22
6 through 476.26.
7 *e.* Public utility railroad crossings, as set forth in
8 section 476.27.
9 *f.* Filing alternate energy purchase program plans with the
10 board, and offering such programs to customers, pursuant to
11 section 476.47.
12 *g.* Civil penalties pursuant to section 476.51.
13 *h.* Providing energy cost information pursuant to section
14 476.56.
15 *i.* Distributed generation interconnection safety pursuant to
16 section 476.58, subsections 3 and 4.
17 *j.* Utility-owned exterior flood lighting pursuant to section
18 476.62.
19 *k.* Customer contribution funds pursuant to section 476.66.
20 *l.* Chapters 476A and 478, to the extent applicable.
21 3. Electric public utilities having fewer than ten
22 thousand customers and electric cooperative corporations and
23 associations are also subject to the regulation authority of
24 the board for engineering standards for equipment, operations,
25 and procedures and shall be subject to section 476.21.
26 *a.* This subsection shall not apply to a municipally owned
27 utility.
28 *b.* This subsection shall apply to an electric power agency
29 as defined in chapter 28F and section 390.9 that includes
30 as a member a city or municipally owned utility that builds
31 transmission facilities after July 1, 2001, and is subject to
32 applicable transmission reliability rules or standards adopted
33 by the board for those facilities.
34 4. Electric public utilities having fewer than ten
35 thousand customers and electric cooperative corporations and

1 associations not subject to rate regulation by the board
2 shall give written notice of a proposed increase of any rate
3 or charge to all affected customers served by the public
4 utility at least thirty days prior to the effective date of
5 the increase pursuant to section 476.6, subsection 2. This
6 subsection shall not apply to a municipal utility.

7 5. The board may hear complaints regarding the practices,
8 facilities, or services of public utilities subject to
9 this section. Such complaints shall be limited solely to
10 matters directly related to the regulatory actions listed
11 in subsections 2 through 4. After a complaint is submitted
12 to the board or filed by the board upon its own motion, the
13 written complaint shall be forwarded by the board to the public
14 utility. The public utility shall be called upon to satisfy
15 the complaint or to answer it in writing within a reasonable
16 time to be specified by the board.

17 a. Copies of the written complaint forwarded by the board to
18 the public utility and copies of all correspondence from the
19 public utility in response to the complaint shall be provided
20 by the board in an expeditious manner to the consumer advocate.

21 (1) If the board determines the public utility's response
22 is inadequate and there appears to be reasonable ground for
23 investigating the complaint, the board shall promptly initiate
24 a formal proceeding.

25 (2) If the consumer advocate determines the public
26 utility's response to the complaint is inadequate, the consumer
27 advocate may file a petition with the board which shall
28 promptly initiate a formal proceeding if the board determines
29 that there is any reasonable ground for investigating the
30 complaint.

31 (3) The complainant or the public utility may petition the
32 board to initiate a formal proceeding and such petition shall
33 be granted if the board determines that there is any reasonable
34 ground for investigating the complaint.

35 b. The formal proceeding may be initiated at any time by

1 the board on its own motion. If a proceeding is initiated
2 upon petition filed by the consumer advocate, complainant,
3 or the public utility, or upon the board's own motion, the
4 board shall set the case for hearing and give notice as it
5 deems appropriate. When the board, after a hearing held after
6 reasonable notice, finds a public utility's practices or
7 services over which it exercises regulatory authority pursuant
8 to subsections 2 through 4 are in violation of law, the board
9 shall determine reasonable practices, services, or regulations
10 to be observed and enforced.

11 6. Electric public utilities having fewer than ten
12 thousand customers and electric cooperative corporations and
13 associations under this section shall not make or grant any
14 unreasonable preferences or advantages as to rates or services
15 to any person or subject any person to any unreasonable
16 prejudice or disadvantage. This subsection shall not apply to
17 municipal utilities subject to section 388.6.

18 7. The board of directors or the membership of an electric
19 cooperative otherwise exempt from rate regulation may
20 elect to have the cooperative's corporation or association
21 rates regulated by the board. The board shall adopt rules
22 prescribing the manner in which the board of directors or the
23 membership of an electric cooperative may so elect.

24 a. If the board of directors or the membership of an
25 electric cooperative has elected to have the cooperative's
26 rates regulated by the board, after two years have elapsed from
27 the effective date of such election the board of directors or
28 the membership of an electric cooperative may elect to exempt
29 the cooperative from the rate regulation authority of the
30 board.

31 b. If the membership of an electric cooperative elected to
32 have the cooperative's rates regulated by the board, only the
33 membership may elect to exempt the cooperative from the rate
34 regulation authority of the board.

35 8. A municipal utility providing local exchange services

1 is not subject to regulation by the board under this chapter
2 except for regulatory action pertaining to the enforcement of
3 sections 476.95, 476.95A, 476.95B, 476.100, and 476.102.

4 9. The Iowa utilities board does not have direct or indirect
5 rate authority over the utilities in this section, unless an
6 electric cooperative has elected rate regulation authority.

7 Sec. 3. Section 476.2, subsection 4, Code 2022, is amended
8 to read as follows:

9 4. The board shall have authority, to the extent reasonably
10 necessary to implement the provisions of this chapter, to
11 inquire into the management of the business of all public
12 utilities that are subject to regulation pursuant to this
13 chapter, and shall keep itself informed as to the manner and
14 method in which ~~the same~~ such business is conducted, and may
15 obtain from any public utility all ~~necessary~~ the information
16 reasonably necessary to enable the board to perform its duties,
17 as provided in this chapter.

18 Sec. 4. Section 476.6, subsection 2, Code 2022, is amended
19 to read as follows:

20 2. *Written notice of increase.* All Rate-regulated public
21 utilities, ~~except those exempted from rate regulation by~~
22 ~~section 476.1~~ and telecommunications service providers
23 registered pursuant to ~~section 476.95A,~~ shall give written
24 notice of a proposed increase of any rate or charge to all
25 affected customers served by the public utility no more
26 than sixty-two days prior to the time the application for
27 the increase is filed with the board. ~~Public utilities~~
28 ~~exempted from rate regulation by section 476.1,~~ except
29 ~~telecommunications service providers registered pursuant to~~
30 ~~section 476.95A,~~ The notice to affected customers shall state
31 that the customer has a right to file a written objection to
32 the rate increase and that the affected customers may request
33 the board to hold a public hearing to determine if the rate
34 increase should be allowed. Electric public utilities having
35 fewer than ten thousand customers and electric cooperative

1 corporations and associations not subject to rate regulation
2 by the board shall give written notice of a proposed increase
3 of any rate or charge to all affected customers served by the
4 public utility at least thirty days prior to the effective
5 date of the increase. ~~If the public utility is subject~~
6 ~~to rate regulation, the notice to affected customers shall~~
7 ~~also state that the customer has a right to file a written~~
8 ~~objection to the rate increase and that the affected customers~~
9 ~~may request the board to hold a public hearing to determine~~
10 ~~if the rate increase should be allowed. The board shall~~
11 ~~prescribe the manner and method that the written notice to each~~
12 ~~affected customer of the public utility shall be served. This~~
13 subsection shall not apply to municipal utilities subject to
14 section 384.84.

15 Sec. 5. Section 476.20, subsection 3, paragraph a, Code
16 2022, is amended to read as follows:

17 a. The board shall ~~establish~~ adopt rules which shall
18 be uniform with respect to all public utilities furnishing
19 gas or electricity relating to establishing the procedures
20 and requirements for disconnection of service. The rules
21 adopted by the board shall be uniform with respect to all
22 rate-regulated public utilities furnishing gas or electricity.
23 The rules adopted by the board shall reflect the limited
24 scope of the board's jurisdiction pursuant to section 476.1A.
25 This subsection applies ~~both to regulated~~ rate-regulated
26 utilities, utilities over which the board's jurisdiction is
27 limited by section 476.1A, and ~~to municipally owned utilities~~
28 ~~and unincorporated villages which own their own distribution~~
29 ~~systems, and violations of this subsection~~ subject the
30 utilities to civil penalties under section 476.51.

31 Sec. 6. Section 476.58, subsections 3 and 4, Code 2022, are
32 amended to read as follows:

33 3. Procedures and requirements provided in rules adopted
34 pursuant to subsection 2 shall apply to all electric utilities
35 and all interconnection customers in this state. However,

1 only those rule provisions concerning interconnections between
2 distributed generation facilities and electric distribution
3 systems and safety issues shall apply to utilities over which
4 the board's jurisdiction is limited by [section 476.1A](#) ~~or~~
5 [476.1B](#).

6 4. [This section](#) shall not be construed to expand the
7 board's jurisdiction over a utility over which the board's
8 jurisdiction is limited by [section 476.1A](#) ~~or 476.1B~~. This
9 section shall not be construed to authorize the board to
10 require that an installation or connection of a distributed
11 generation facility, disconnection device, or interconnection
12 between a distributed generation facility and an electric
13 distribution system be performed by a licensed electrician,
14 installer, or professional engineer. [This section](#) shall not
15 be construed to require inspection of a distributed generation
16 facility, disconnection device, or interconnection between a
17 distributed generation facility and an electric distribution
18 system pursuant to [chapter 103](#).

19 Sec. 7. REPEAL. Section 476.1B, Code 2022, is repealed.

20 EXPLANATION

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

23 This bill relates to the regulatory authority of the Iowa
24 utilities board regarding specified gas and electric utilities.

25 The bill provides that municipally owned gas or utility
26 companies, electric public utilities having less than
27 10,000 customers, and electric cooperative corporations and
28 associations shall not be subject to the regulation authority
29 of the board except for the assessment of fees for the
30 support of the office of consumer advocate, safety standards,
31 assigned areas of service, public utility railroad crossings,
32 procedures for the disconnection of service, alternative
33 energy program plans filed with the board, specified civil
34 penalties, energy cost information, distributed generation
35 interconnection safety, utility-owned exterior flood lighting,

1 customer contribution funds, and electric power generation and
2 transmission under Code chapter 476A and electric transmission
3 lines under Code chapter 478.

4 The bill provides that electric public utilities with less
5 than 10,000 customers and electric cooperative corporations
6 and associations, and certain electric power agencies are
7 subject to board regulation for engineering standards and are
8 prohibited from discriminatory rates or charges under Code
9 section 476.21. This provision is inapplicable to municipal
10 utilities.

11 The bill provides that an electric cooperative not subject
12 to rate regulation may elect to have their rates regulated
13 by the board. After two years, rate regulation may be
14 reconsidered. If the membership of the electric cooperative
15 chooses to have the rates regulated, only the membership may
16 elect to be exempt from regulation.

17 The bill provides that a municipal utility providing local
18 exchange services is not subject to regulation by the board
19 except for regulatory action pertaining to Code sections
20 476.95, 476.95A, 476.95B, 476.100, and 476.102.

21 The bill provides that electric public utilities with less
22 than 10,000 customers and electric cooperative corporations
23 and associations shall not make or grant any unreasonable
24 preferences or advantages as to rates or services to any
25 person or subject any person to any unreasonable prejudice or
26 disadvantage. The bill provides that this bill does not apply
27 to municipal utilities subject to the prohibition relating to
28 discrimination in rates specified in Code section 388.6.

29 Rate-regulated public utilities shall give written notice to
30 customers of a proposed rate increase or charge no more than 62
31 days prior to filing an application for a proposed increase.
32 The notice from the rate-regulated public utility shall include
33 a provision whereby customers are informed of rights to file an
34 objection and request a hearing. The bill provides electric
35 public utilities with less than 10,000 customers and electric

1 cooperative corporations and associations that are not subject
2 to rate regulation by the board shall give written notice to
3 customers regarding a proposed rate increase or charge at least
4 30 days before the effective date of the increase. These
5 notice provisions are made inapplicable to municipal utilities
6 subject to the rates and charges provisions of Code section
7 384.84.

8 The bill establishes a written complaint and response
9 process. Both the board and the division of the office
10 of the consumer advocate may determine if the utility's
11 response is inadequate and initiate further action. The bill
12 establishes practices and procedures for a formal action filed
13 by complainants.

14 The bill provides that the board shall adopt rules
15 establishing procedures and requirements for public utilities
16 supplying gas or electricity and to utilities over which the
17 board's jurisdiction is limited by the bill relating to the
18 disconnection of service. These rules must be uniform for all
19 rate-regulated public utilities.