

CHAPTER 1012

REGULATION OF MULTIPLE EMPLOYER WELFARE ARRANGEMENTS

H.F. 2189

AN ACT relating to the exemption of certain multiple employer welfare arrangements from regulation by the insurance division and providing an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. 1994 Iowa Acts, chapter 1038, section 3, as amended by 1995 Iowa Acts, chapter 33, section 1, 1996 Iowa Acts, chapter 1024, section 1, and 1997 Iowa Acts, chapter 67, section 2, is amended to read as follows:

SEC. 3. REPEAL. This Act is repealed effective July 1, 1998 2001.

Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved March 17, 1998

CHAPTER 1013

PUBLIC UTILITIES — COST REVIEWS

H.F. 2331

AN ACT relating to utility cost reviews associated with a rate-regulated public utility's procurement of natural gas or fuel for use in generating electricity.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 476.6, subsections 15 and 16, Code 1997, are amended to read as follows:

15. NATURAL GAS SUPPLY AND COST REVIEW. The board shall periodically, ~~but not less than annually,~~ conduct a proceeding for the purpose of evaluating the reasonableness and prudence of a rate-regulated public utility's natural gas procurement and contracting practices. The natural gas supply and cost review shall be conducted as a contested case pursuant to chapter 17A.

Under procedures established by the board, each rate-regulated public utility furnishing gas shall periodically file a complete natural gas procurement plan describing the expected sources and volumes of its gas supply and changes in the cost of gas anticipated over a future twelve-month period specified by the board. ~~The plan shall describe all major contracts and gas supply arrangements entered into by the utility for obtaining gas during the specified twelve-month period. The description of the major contracts and arrangements shall include the price of gas, the duration of the contract or arrangement, and an explanation or description of any other term or provision as required by the board. The plan shall also include the utility's evaluation of the reasonableness and prudence of its decisions to obtain gas in the manner described in the plan, an explanation of the legal and regulatory actions taken by the utility to minimize the cost of gas purchased by the utility, and such other information as the board may require. The utilities shall file information as the board deems appropriate.~~

During the natural gas supply and cost review, the board shall evaluate the reasonableness and prudence of the gas procurement plan. ~~In evaluating the gas procurement plan, the~~

~~board shall consider the volume, cost, and reliability of the major alternative gas supplies available to the utility; the cost of alternative fuels available to the utility's customers; the availability of gas in storage; the appropriate legal and regulatory actions which the utility could take to minimize the cost of purchased gas; the gas procurement practices of the utility; and other relevant factors.~~ If a utility is not taking all reasonable actions to minimize its purchase gas costs, consistent with assuring an adequate long-term supply of natural gas, the board shall not allow the utility to recover from its customers purchase gas costs in excess of those costs that would be incurred under reasonable and prudent policies and practices.

16. ~~ANNUAL ELECTRIC~~ ELECTRIC ENERGY SUPPLY AND COST REVIEW. The board shall periodically ~~conduct an annual~~ a proceeding for the purpose of evaluating the reasonableness and prudence of a rate-regulated public utility's procurement and contracting practices related to the acquisition of fuel for use in generating electricity. The evaluation may review the reasonableness and prudence of actions taken by a rate-regulated public utility to comply with the federal Clean Air Act Amendments of 1990, Pub. L. No. 101-549. The proceeding shall be conducted as a contested case pursuant to chapter 17A. Under procedures established by the board, the utility shall file information as the board deems appropriate. If a utility is not taking all reasonable actions to minimize its fuel and allowance transaction costs, the board shall not allow the utility to recover from its customers fuel and allowance transaction costs in excess of those costs that would be or would have been incurred under reasonable and prudent policies and practices.

Approved March 17, 1998

CHAPTER 1014

FOREIGN INVESTMENTS BY INSURANCE COMPANIES

S.F. 2279

AN ACT relating to authorized investments by insurance companies in obligations of foreign governments and foreign corporations.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 511.8, subsection 19, unnumbered paragraph 1, Code 1997, is amended to read as follows:

Bonds or other evidences of indebtedness, not to include currency, issued, assumed, or guaranteed by a foreign government other than Canada, or by a corporation incorporated under the laws of a foreign government other than Canada. ~~Any such~~ Such governmental obligations must be valid, legally authorized and issued, and on the date of acquisition have predominantly investment qualities and characteristics as provided by rule. ~~Any such~~ Such corporate obligations must meet the qualifications established in subsection 5 ~~of this section~~ for bonds and other evidences of indebtedness issued, assumed, or guaranteed by a corporation incorporated under the laws of the United States or Canada. Foreign investments authorized by this subsection are not eligible in excess of ~~two ten~~ percent of the legal reserve of the life insurance company or association. Investments in obligations of a foreign government other than Canada are not eligible in excess of two percent of the legal reserve in the securities of foreign governments of any one foreign nation. Investments in a corporation incorporated under the laws of a foreign government other than Canada are not