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## BUDGET UNIT BRIEF – FY 2019

Fiscal Services Division

September 24, 2018



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

## Utilities Division — Department of Commerce

### Background

The Iowa Utilities Board was originally established in 1878 as the Iowa Board of Railroad Commissioners. Over the years, the agency has evolved from one that regulates freight and railroads, grain elevators, and passenger and freight truck transportation to one that regulates public utilities. The Board's mission is to regulate utilities to ensure that reasonably priced, reliable, environmentally responsible, and safe utility services are available to all Iowans.

### Operations

The Utilities Board regulates electric, natural gas, and water utilities and the services of communications utilities, as well as generally all pipelines and the transmission, sale, and distribution of electrical current. The regulated service areas are defined below.

- **Electricity** – The Board regulates the rates and services of two investor-owned utilities: MidAmerican Energy Company (MEC) and Interstate Power and Light Company (IPL), a subsidiary of Alliant Energy Company. Municipal electric utilities are regulated for safety and disconnection, and only in matters of statute. Rural electric cooperatives (RECs) are regulated for service, safety, and disconnection and have the option of being regulated for rates. Linn County REC is the only REC that has opted to have the Board set its rates. The Board also has jurisdiction over certification of electric power generators and grants franchises for electric transmission lines.
- **Natural Gas** – Pursuant to Iowa Code chapter 476, the Board has general jurisdiction over gas utilities furnishing natural gas by piped distribution. The Board regulates the rates, service, and safety of investor-owned gas utilities, including: MEC, IPL, Black Hills Energy, and Atmos Energy Corporation. The Board also regulates the safety of gas service provided by municipal utilities, but does not regulate propane gas. The Board conducts construction inspections and issues permits for intrastate transmission pipelines, and also inspects interstate natural gas pipelines on behalf of the federal government. Pursuant to Iowa Code chapter 479A, the Board also has the authority to implement certain controls over hazardous liquid pipelines to protect landowners and tenants from environmental or economic damages.
- **Telecommunications** – The Board has general regulatory authority over two-way landline telecommunications. The Board does not regulate cellular service or cable television service, but has the authority to issue cable or video service franchises. The Board regulates only the service, and not the rates, of local Iowa service providers. Federal law grants the Board authority to resolve interutility disputes between industry competitors. In addition, the Board has jurisdiction to hear all complaints regarding any unauthorized change to a telecommunications customer's account, even if the service in question is deregulated.
- **Water** – The Board regulates the rates and service of one investor-owned water utility, Iowa-American Water Company, that serves about 60,000 water customers in Davenport and Clinton. The Board does not regulate small or municipally owned waterworks.

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### More Information

Iowa Utilities Board, Department of Commerce: [iub.iowa.gov](http://iub.iowa.gov)  
LSA Staff Contact: Angel Banks-Adams (515.281.6301) [angel.banks-adams@legis.iowa.gov](mailto:angel.banks-adams@legis.iowa.gov)

- Other – The Board has the authority to resolve customer complaints, enforce safety and engineering standards, approve plans for energy efficiency programs, approve plans for recovery of costs to control emissions from generating facilities, oversee affiliate transactions, and review proposals for reorganization. The Board conducts public comment hearings on rate filings. It also administers a dual-party relay service to allow communication-impaired persons to use the telephone, and an equipment distribution program to provide telecommunications devices for the deaf to eligible persons.

The Utilities Board has five sections staffed by accountants, engineers, economists, lawyers, and other professional and administrative staff. These sections include:

- Customer Service – Customer Service staff handles customer inquiries and complaints, while providing a variety of communications to increase public awareness of energy, telecommunications and other utility-related issues, and the regulatory role of the Iowa Utilities Board. Customer Service staff also produces the agency annual report, arranges rate case public comment meetings for the Board, and conducts annual outreach meetings for utility and Community Action Agency representatives on topics related to energy service, low-income energy assistance and weatherization, and the winter heating disconnection moratorium.
- Energy – The Energy Section reviews and processes monthly, recurring, and periodic filings, including the purchased gas adjustments (PGA) for natural gas costs and the energy adjustment clause (EAC) for electricity costs. Filings are reviewed for accuracy, impact, and trends. Energy Section staff also process tariffs, service territory changes, waivers, and other filings. In addition, Energy Section staff participates on many agency interdisciplinary teams addressing policy issues, rate increase requests, formal complaints, and rulemakings.
- Policy Development – The Policy Development Section works on a variety of issues for the Board. Examples of these issues include analysis and review of energy efficiency programs; processing eligibility applications for, and answering questions about, the wind and renewable energy tax credit programs; regional and interregional transmission planning; market monitoring and mitigation, electric transmission development/operation, and energy market issues in collaboration with regional organizations; and stakeholder workshops on finance issues such as formula rate protocols and cost allocation.
- Safety and Engineering – The Safety and Engineering Section is responsible for the regulation of safety, construction, and operation and maintenance of facilities of gas and electric service providers and pipeline, electric transmission, and distribution companies. The responsibilities include reviewing and processing all petitions for electric transmission line franchises per Iowa Code chapter 478, and for pipeline permits per Iowa Code chapters 479 and 479B. This Section is also responsible for conducting inspections of natural gas and electric utilities for compliance with safety standards, and acts as an interstate agent for the federal Department of Transportation in pipeline safety matters.
- Telecommunications – The Telecommunications Section processes telephone filings and deals with issues such as telecommunications relay services. Services such as these allow persons who are deaf, hard-of-hearing, deaf-blind, or have difficulty speaking to use the telephone system on a functionally equivalent basis to persons without communications impairments, providing them with training and necessary equipment. The Telecommunications Section also works to conserve telephone numbering resources and to equalize intercarrier compensation between rural and metropolitan areas.

### **Funding**

The Board receives an annual appropriation from the Commerce Revolving Fund (Iowa Code section [546.12](#)).

### **Related Statutes and Administrative Rules**

Iowa Code chapters [474](#) and [476](#) through [480A](#)  
Iowa Administrative Code [199](#)

### **Budget Unit Number**

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