

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: REVISIONS TO CONSUMER SERVICES RULES [199 IAC 19.4(10), 19.4(13), 19.4(15), 19.4(16), 20.4(11), 20.4(14), 20.4(15), AND 20.4(16)]	DOCKET NO. RMU-04-2
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ORDER ADOPTING AMENDMENTS

(Issued July 30, 2004)

Pursuant to the authority of Iowa Code §§ 17A.4, 476.1, 476.2, and 476.20 (2003), the Utilities Board (Board) is adopting amendments to its consumer services rules as attached hereto and incorporated herein by reference. The Board proposed amendments in Docket No. RMU-04-2, In re: Revisions to Consumer Services Rules [199 IAC 19.4(10), 19.4(13), 19.4(15), 19.4(16), 20.4(11), 20.4(13), 20.4(15), and 20.4(16)], based upon the results of a review conducted by the Board to address issues facing consumers who cannot pay their utility bills and to address issues related to second payment agreements. These issues were initially raised in Docket No. RMU-03-12, In re: Second Payment Agreements [199 IAC 19.4(10)"c" and 20.4(11)"c"], filed by the Consumer Advocate Division of the Department of Justice (Consumer Advocate). Notice of the proposed amendments was published in a "Notice of Intended Action" in IAB Vol. XXVI, No. 25 (6/9/04) p. 1945, as ARC 3411B.

Comments were filed by the Iowa Association of Municipal Utilities (IAMU), the Iowa Association of Electric Cooperatives (IAEC), Legal Aid of Iowa (Legal Aid), the

Consumer Advocate Division of the Department of Justice (Consumer Advocate), Aquila, Inc., d/b/a Aquila Networks (Aquila), Atmos Energy Corporation (Atmos), Interstate Power and Light Company (IPL), and MidAmerican Energy Company (MidAmerican). IAMU also filed the comments of Atlantic Municipal Utility (Atlantic) and Mount Pleasant Municipal Utility (Mount Pleasant). An oral presentation was held on July 16, 2004. MidAmerican, IPL, IAEC, IAMU, Consumer Advocate, and Legal Aid made oral comments.

The Board has summarized the comments below, beginning with general comments and then addressing the specific comments relating to one of the proposed amendments. Since the proposed amendments are the same for Chapter 19 and Chapter 20, the two chapters will be discussed together. The Board also provides its analysis of the comments and a description of any revisions adopted to the proposed amendments as a result of the comments. The Board has not discussed certain typographical, grammatical, and clarifying revisions that are not substantive.

SUMMARY OF GENERAL COMMENTS

Consumer Advocate stated that it supports all of the changes.

Aquila provided general comments that more consideration should be given to the credit and collection impacts of the proposed amendments. Aquila suggested the Board consider: 1) the amount and age of a customer's arrearage; 2) the conditions that led to the arrearage; and 3) the customer's ability to pay. Aquila believes that

the proposed amendments will increase the debt of low-income customers at the expense of other customers.

IAEC stated that it is sensitive to the need for protections of low-income customers but believes that they have sufficient protections under current rules and utility procedures. IAEC stated that these amendments are not necessary where there is no evidence that utilities are abusing the discretion in the current rules. If new protections are determined to be necessary, IAEC recommended they be narrowly drawn to address specific problems and the Board delay adoption of any amendments until it has completed a thorough investigation. IAEC stated that with each amendment to customer service rules, the utilities must provide additional training to customer service representatives.

MidAmerican stated that the proposed rules provide additional rights to customers without any additional responsibilities to those who do not pay their bills. MidAmerican suggested that the costs associated with the proposed rules should be reviewed since the new rules will cause additional costs for all customers.

MidAmerican indicated that it had entered into 41,935 new payment arrangements between January 2004 and May 2004, with 12,236, or 30 percent, being renegotiated arrangements. The renegotiated arrangements total \$9.2 million. MidAmerican stated that it has serious concerns with the language in the proposed amendments, which would require a utility to carry debt from one winter to the next.

The Board proposed the amendments to its consumer services rules because of a continuing concern with the volatility and increasing price of these utility services and the effect that increase has on low-income customers. Current protections under the Board's rules and Iowa Code § 476.20 only apply to low-income customers who apply for and become certified for the Low Income Home Energy Assistance Program (LIHEAP). Over half of the low-income customers who are eligible for LIHEAP do not apply to become certified and, therefore, do not qualify for protections provided for LIHEAP-certified customers.

As stated in the "Order Commencing Rule Making" issued May 21, 2004, in this docket, "The Board considers the requirement of a second payment agreement to be one feature of the cold weather rules that will provide additional protection to low-income customers." The proposed amendments will also benefit some other customers who find themselves unable to continue to make payments on a first payment agreement. Providing this protection to these other customers is consistent with the public interest because it provides customers the opportunity to retain utility service during difficult financial circumstances.

The Board is working with other state agencies to determine whether there is an alternative method for providing additional protection to low-income customers. At this time, the Board has not identified a better alternative. Therefore, the proposed amendments, which are designed to offer an appropriate level of protection, will be adopted.

The Board understands that the additional protection provided by these rules may increase costs to utilities and may shift costs to other customers. The Board also understands that the proposed amendments will require additional training of consumer services representatives by the utilities. However, the Board notes that Board staff conducts annual meetings with utility representatives on rules changes and many of the utilities use these meetings as a training opportunity for their staff. The Board also recognizes that there is the potential that a few customers who do not qualify for low-income protections may find a way to take advantage of the new provisions to retain service. The Board considers the benefits of providing the additional protections to low-income customers and other customers outweigh these other concerns.

The Board has made some revisions to the proposed amendments based upon the comments. The Board has considered all comments, although each individual comment may not be specifically addressed.

SUMMARY OF SPECIFIC COMMENTS

I. 19.4(10) and 20.4(11) (Second Payment agreements)

A. The Board proposed to amend its second payment plan rules to require that a utility offer a second agreement to a customer who has broken a first agreement after making at least two payments or after paying at least 33 percent of the balance. The payments under the second plan could not be more than the payments under the first. The proposed rule also clarifies that a customer on a

payment plan may make one late payment without breaking the plan, if the payment is no more than five days late.

Legal Aid

Legal Aid offered qualified support for the amendments that would require the offering of second payment agreements. Legal Aid suggested striking the qualifier "whichever is the greater amount," arguing that 33 percent will always be the greater amount. Legal Aid recommended making the two criteria similar in amounts or deleting the qualifier.

IPL

To be consistent with IPL's information system, IPL recommended the proposed five-day grace period be changed to four days. IPL stated that its bills become delinquent four days after the due date. IPL also recommended changing the term "complete forgiveness" to "waiver," which is more accurate.

IPL recommended that second payment agreements should be limited to LIHEAP-certified low-income customers who default on first payment agreements. IPL stated that 8 percent of their customers are certified for LIHEAP and if all eligible low-income customers were certified this would increase the protection to 20 percent of its customers. Extending the requirement to all customers increases the risk for abuse and will increase costs. IPL indicated that this was the experience of its parent company in Wisconsin when similar changes were implemented. IPL indicated further that arrearages have increased by 29 percent (\$992,000) in the past 12

months. IPL committed to informing eligible low-income customers of the existing protections from disconnection and recommends that this notice be placed in the Rights and Responsibilities.

IPL also suggested that a customer that defaults on a first agreement should be required to apply for a second agreement within 60 days. This would prevent a customer from waiting until the end of the winter disconnection moratorium (Iowa Code § 476.20) to request a second agreement.

IPL did not support a limit on the amount of the monthly payment under a second payment agreement, resulting in a higher monthly payment (or a longer term). IPL stated that total arrears for the second agreement will likely be higher than under the first agreement, resulting in a higher monthly payment (or a longer term). IPL estimated it would be required to carry \$2.6 million in debt into the second agreements. IPL stated that a person would be able to receive a second agreement without ever having made a payment by using the LIHEAP grant to satisfy the criteria. IPL proposed that the LIHEAP grant should not be considered to meet the criteria. IPL then proposed that the length of the second agreement be limited to the same as the first agreement.

Aquila

Aquila suggested limiting the requirement for second payment agreements to LIHEAP-certified customers. Aquila provided a chart that shows that 55 percent of first agreements are not paid and 75 percent of second agreements are not paid.

Only about 6 percent of Aquila's payment agreements are with low-income customers. Aquila supported requiring the customer to request a second payment agreement within 60 days and retaining the requirement that the debt be paid off by the following October 15.

IAEC

IAEC would limit the second payment agreement provisions to LIHEAP-certified customers. IAEC supported continuation of the current provisions which give the utility the option of offering a second payment agreement. IAEC opposed limiting the amount of the payment under the second payment agreement. Finally, IAEC asks for clarification of the proposed amendment to allow one complete forgiveness of late charges for a missed payment on a payment agreement.

IAMU

IAMU objected to the creation of a requirement that utilities offer a second payment agreement to customers who have defaulted on a first agreement. IAMU stated that utilities already give customers additional time after the initial disconnect notice to allow a customer sufficient time to work through financial difficulties. This allows some customers to enter the winter disconnection moratorium with a balance due. IAMU then described a scenario in which a customer could make it through three winters without being current on his utility bills.

IAMU also filed comments for Atlantic. Atlantic suggested that four payments would be a more reasonable than two, to coincide with the 33 percent criteria.

Atlantic opposed limiting the amount of the second agreement monthly payment and opposes making a second payment agreement mandatory.

IAMU also filed comments for Mount Pleasant. Mount Pleasant opposed mandating a second payment plan. Mount Pleasant argued stating that any new requirement just adds to the administrative costs of handling payment arrangements; that spreading the payments out another year would be confusing to the customer, and that there will be no incentive to complete the first payment agreement if a second one is mandated.

Atmos

Atmos suggested that the limitation on the amount of the payment in the second payment agreement is not reasonable and the requirement should only apply to LIHEAP-certified customers.

MidAmerican

MidAmerican stated that it does not object to the concept of allowing one late payment on a first payment agreement. MidAmerican routinely allows a four day grace period on bill due dates and on payment agreements. MidAmerican's billing system calculates that extension period automatically. MidAmerican suggested that the five days proposed in the amendment should be changed to four days.

MidAmerican would also replace the word "forgiveness" with the word "extension."

MidAmerican suggested the following language be adopted: "Each customer entering into a first payment agreement shall be granted at least one due date

extension for a payment received four days or less beyond the due date for payment and the first payment agreement shall be reinstated."

MidAmerican believes that additional community outreach is more appropriate to help low-income customers than requiring a second payment agreement.

MidAmerican stated that it will continue to offer second payment agreements, but it has concerns about the criteria proposed by the Board. MidAmerican raised the potential that there could be more than one interpretation of the proposed language; for example, the term "balance owed" may be ambiguous. Another concern is the language used to describe the limit on the amount of the second payment agreement.

MidAmerican questioned whether the 33 percent requirement refers to the beginning balance at the time the first payment agreement is entered into or the amount due including current bills. The Board should be explicit how the amount is calculated so there will be consistent application of the criteria if the proposed amendment is adopted.

MidAmerican also suggested alternative language for the limitation on the second payment agreement amount: "If a gas or electric customer defaults on a deferred payment agreement but has not yet had service disconnected, by the gas or electric utility, the utility shall permit such customer to be reinstated on the deferred payment agreement if the customer pays in full the amounts which should have been paid up to that date pursuant to the original payment agreement (including any

amounts for current usage which have become past due). A utility shall be obliged to permit such reinstatement only once during the course of a deferred payment agreement."

MidAmerican suggested that the second payment agreement requirement should be limited to those customers who apply for a second agreement within 60 days of their default. This would limit the amount of debt and require the customer to take timely action to secure a second agreement. MidAmerican suggested that this limitation would help target the proposed rule to those low-income customers who have not become certified for LIHEAP, which is the purpose of the proposed amendment. The customer would have to apply for the second agreement regardless of whether they had been disconnected.

Board Analysis

The primary purpose of the proposed amendments requiring utilities to offer a second payment agreement to customers is to provide some additional protection for those low-income customers who could qualify for LIHEAP assistance but who do not apply and become LIHEAP-certified. The amendments may also benefit some other customers who cannot make payments under a first payment agreement. Iowa Code § 476.20 only provides protection from disconnection during the period from November 1 through April 1 for those customers who are certified for LIHEAP, and information obtained in two earlier rule makings indicates that community action agencies have neither the administrative resources to process significantly more

applications nor sufficient grant money to provide assistance to a large number of additional low-income customers.

Comments that suggest limiting second payment agreements to LIHEAP-certified customers would prevent the requirement from reaching many of the additional low-income customers for whom the amendments were intended. Additionally, comments suggesting that the requirement is not needed do not address the problem of protecting the non-LIHEAP-certified low-income customers.

At the oral presentation, MidAmerican stated that it suggested the 60-day requirement for requesting a second payment agreement to offset the effect of the proposed limit on the amount of the monthly payment for a second agreement. Removal of the limit on the payment amount would remove the need for the 60-day requirement. MidAmerican also stated that a limit on second agreements to the same term of the first agreement was preferable to a limit on the amount of the monthly payment. IPL also proposed limiting a second payment to the same term as the first payment agreement.

The Board will revise the proposed amendment by removing the limitation on the monthly payment amount and substituting a requirement that the second payment agreement be at least of the same length or term as the first payment agreement. Although this will probably increase the monthly payment amount in the second agreement above the monthly payment amount in the first agreement, it will also ensure that the second agreement will be for at least 12 months and should

provide a reasonable opportunity for customers to bring their account current. This revision should provide a customer who is trying to make payments additional protection while the customer attempts to satisfy the debt.

The Board proposed two criteria for the customer to meet to qualify for the second payment agreement. The customer would have to have made two payments or have paid 33 percent of the outstanding balance. The comments indicated that the two criteria do not result in similar reductions in outstanding balances. The comments indicated that two payments would always be less than 33 percent of the outstanding balance. There were also comments that the language should be clarified concerning the meaning of "payment."

The criteria were designed to limit the requirement of a second payment agreement to those customers who have made a good faith attempt to pay for their utility service. Based upon the comments, it appears the two criteria do not require similar amounts of payment and both criteria are not necessary. The Board considers the number of payments to be the better indicator of a customer's intention to pay for utility service so the 33 percent criteria will be deleted from the adopted amendments. Limiting the requirement to two payments will also reduce the administrative costs and employee time needed to determine whether a customer qualifies for a second payment agreement.

The Board will also clarify this requirement by requiring that the payments be consecutive and for the full monthly payment. A customer who makes two

consecutive full payments—a payment being the total of the monthly payment amount for the past due bill and the current month's bill—on a first payment agreement has demonstrated a good faith effort to pay for utility service. Assistance payments from a state or federal agency should not be considered as satisfying this requirement.

There were also comments suggesting a different term, other than "forgiveness," should be used in numbered paragraph 19.4(10)"c"(1)(4) and 20.4(11)"c"(1)(4) to describe the late payment provision. Commentors also recommended that the proposed five day grace period be changed to four days to meet requirements of some of the utility's billing systems. These suggested revisions are reasonable. The Board will change the five-day grace period to four days and will rewrite the sentence to remove the term "forgiveness." The intention is that a customer shall be allowed one late payment under a first payment agreement if the payment is made within four days of the due date and the existing payment agreement will not be terminated or the customer would be subject to disconnection because of that late payment.

Based upon the above analysis, the Board adopts the proposed amendments with the revisions as follows:

19.4(10) Payment agreements

- a. Availability of a first payment agreement. When a residential customer cannot pay in full a delinquent bill for utility service or has an outstanding debt to the utility for residential utility service and is not in default of a payment

agreement with the utility, a utility shall offer the customer an opportunity to enter into a reasonable payment agreement.

b. Reasonableness. Whether a payment agreement is reasonable will be determined by considering the current household income, ability to pay, payment history including prior defaults on similar agreements, the size of the bill, the amount of time and the reasons why the bill has been outstanding, and any special circumstances creating extreme hardships within the household. The utility may require the person to confirm financial difficulty with an acknowledgment from the department of human services or another agency.

c. Terms of payment agreements. (1) First agreement. The utility shall offer customers who have received a disconnection notice or have been disconnected for 120 days or less and who are not in default of a payment agreement the option of spreading payments evenly over at least 12 months by paying specific amounts at scheduled times. The utility shall offer customers who have been disconnected for more than 120 days and who are not in default of a payment agreement the option of spreading payments evenly over at least six months by paying specific amounts at scheduled times.

~~(2)~~1. The agreement shall also include provision for payment of the current account. The agreement negotiations and periodic payment terms shall comply with tariff provisions which are consistent with these rules. The utility may also require the customer to enter into a level payment plan to pay the current bill.

~~(3)~~2. When the customer makes the agreement in person, a signed copy of the agreement shall be provided to the customer.

~~(4)~~3. The utility may offer the customer the option of making the agreement over the telephone or through electronic transmission. When the customer makes the agreement over the telephone or through electronic transmission, the utility ~~will~~ shall render to the customer a

written document reflecting the terms and conditions of the agreement within three days of the date the parties entered into the oral agreement or electronic agreement. The document will be considered rendered to the customer when addressed to the customer's last-known address and deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the document shall be considered rendered to the customer when delivered to the last-known address of the person responsible for payment for the service. The document shall state that unless the customer notifies the utility within ten days from the date the document is rendered, it will be deemed that the customer accepts the terms as reflected in the written document. The document stating the terms and agreements shall include the address and a toll-free or collect telephone number where a qualified representative can be reached. By making the first payment, the customer confirms acceptance of the terms of the oral agreement or electronic agreement.

4. Each customer entering into a first payment agreement shall be granted at least one late payment that is made four days or less beyond the due date for payment and the first payment agreement shall remain in effect.

(52) Second payment agreement. If a customer has retained service from November 1 through April 1 but is in default of a payment agreement, the utility may offer the customer a second payment agreement that will divide the past-due amount into equal monthly payments with the final payment due by the fifteenth day of the next October. The utility shall offer a second payment agreement to a customer who is in default of a first payment agreement if the customer has made at least two consecutive full payments under the first payment agreement. The second payment agreement shall be of the same term or longer than the term of the first payment agreement. The customer shall be required to pay for current service in addition to the monthly payments under the second payment agreement and may be required to make the first payment up-front as a condition of entering into the second payment agreement. The utility may also require the customer to enter into a level payment

plan to pay the current bill. The utility may offer additional payment agreements to the customer.

II. 19.4(13)"e" and 20.4(14)"f" (Back billing)

B. The Board proposed to amend these rules to clarify the limitations that apply when a utility is back billing a customer. The proposed amendment would clarify that the maximum back bill cannot exceed the dollar amount equivalent to the tariffed rate for similar services in the 12 months preceding discovery of the error.

Legal Aid

Legal Aid objected to the use of the current tariff rate to calculate a back bill that may have been incurred under an earlier tariff rate.

IAEC

In written comments, IAEC suggested adding certain additional language to the proposed amendment. After discussing the proposed amendment at the oral presentation, however, the Board understands that IAEC has withdrawn its additional language, so it will not be addressed.

MidAmerican

MidAmerican requested clarification of this proposed amendment to understand whether the tariff used to set the limit on back billing is the current tariff or the one in effect at the time the billing error was made.

Board Analysis

Although there are slight differences in language between the two paragraphs from chapter 19 and chapter 20, the proposed amendments to those paragraphs are

the same. The proposed amendments do not change the current rule, but only try to eliminate any misunderstanding regarding the maximum amount a customer can be back billed. The rule provides that a customer may be back billed for errors going back a maximum of five years, but the total amount that can be collected from the customer is calculated using the customer's usage and the tariffed rate for like charges "in the 12 months preceding discovery of the error." There is not necessarily a correlation between the calculation of the total amount a customer owes, which uses the tariffs in effect when the underpayment occurred, and the total amount that can be collected from the customer, which uses the tariffs in effect for the 12 months prior to the discovery of the underpayment.

The proposed amendments do not prevent a utility from applying additional charges where the back-billed amount is the result of fraudulent practices of the customer. The Board will adopt the amendments as proposed.

III. 19.4(15)"d"(3) and 20.4(15)"d"(3) (Rights and Responsibilities Notice)

C. The Board proposed minor revisions to the rules relating to the notice of customer rights and responsibilities.

IPL

IPL suggested adding a sentence to the notice to inform customers of their potential eligibility for a second payment agreement. The sentence would be added to 19.4(15)"d"(3), question 3d, of the Rights and Responsibilities notice.

IAMU

IAMU recommended that the change to the Rights and Responsibilities notice should be reflected throughout the customer service rules for consistency.

IAEC

IAEC recommended revising response 2c in the second question in the Rights and Responsibilities notice to read as follows: "If you do not make the payments you promise under the second payment agreement or if you do not meet the conditions necessary to qualify for a second payment agreement, the utility may shut off your utility service on one day's notice, unless all the money you owe the utility is paid or you enter into another payment agreement. The utility is not required to offer you another payment agreement."

IAEC proposed to add additional wording to response 3d, relating to LIHEAP eligibility, as follows: "being eligible does not, however, mean that you are not financially responsible for paying your utility bill."

IAEC also suggested adding language that mirrors Iowa Code § 476.20(5)"b" that "this subsection does not prohibit a public utility from requiring payment of a customer's past due account with the utility prior to reinstatement of service."

Atmos

Atmos proposed additional language in the Rights and Responsibilities notice in question 8, relating to restoration of service. Atmos stated that its local offices do not accept payments. It uses pay centers and these payments are not immediately

posted. Atmos suggested language should be added to require the customer to notify the utility when a payment is made if the customer wants service turned on that same day.

MidAmerican

MidAmerican stated that it agrees with the proposed amendments in subparagraph 19.4(15)"d"(3) except the answer at 2b, relating to second payment agreements, which will need to be revised consistent with MidAmerican's proposals regarding that subject.

Board Analysis

The Board has considered the comments concerning the proposed amendments to the Rights and Responsibilities notice. The Board finds that the proposed amendments provide sufficient additional information concerning the availability of a second payment agreement and retain the readability level of the current notice. The Board will adopt the amendments to the notice as proposed.

IV. 19.4(15)"d"(4) and 20.4(15)"d"(5) (Posting of customer premises)

D. These rules require that a utility make a diligent attempt to contact a residential customer prior to disconnection. The proposed amendment would clarify an existing requirement for posting a notice at least one day prior to disconnection, but only during the period from November 1 through April 1.

IAEC

IAEC supported the current language in 19.4(15)"d" that requires a utility to contact a landlord of a rental unit only if the utility knows or should know that the premises are rental premises. IAEC would also clarify that a utility should only be required to give 48-hour notice of disconnection to a resident who is not the customer if the utility knows or should have know that the unit is a rental unit.

Atmos

Atmos suggested the Board clarify the proposed amendment to require 24-hour posting during the winter moratorium. Atmos asked if the utility would have to post the Rights and Responsibilities with the disconnection notice or, instead mail the Rights and Responsibilities separately. Atmos indicates there would be additional costs if the Rights and Responsibilities notice is required to be posted.

Atmos stated that it is sometimes difficult for a utility to know that a customer is not the resident of the premise and suggested that all disconnect procedures should have the same time requirements.

MidAmerican

MidAmerican stated that it currently posts premises at least two days in advance of disconnection in all instances during the period November 1 through April 1, including where the customer has defaulted on a payment agreement.

Board Analysis

The proposed amendments do not change any of the posting requirements under the current rules. The proposed amendments merely clarify those requirements. Posting is required 24 hours prior to disconnection during the winter moratorium when the customer has not been personally contacted. A copy of the Rights and Responsibilities notice is currently required with the posting. The Board will adopt the amendments as proposed.

V. 19.4(15)"d"(7) and 20.4(15)"d"(8) (Temperature trigger)

No comments were received suggesting changes to the proposed amendments and the Board will adopt the amendments as proposed.

VI. 19.4(15)"d"(8) and 20.4(15)"d"(9) (Health verification)

E. These rules limit the ability of the utility to disconnect service when doing so would present an especial danger to the health of any permanent resident of the premises. The proposed amendments were intended to clarify the application of the rules.

IPL

IPL suggested shortening the time after disconnection in which a customer may notify the utility of a resident who has an especial health condition and be reconnected, from 14 days to 7 days.

IAEC

IAEC supported the proposed amendments.

MidAmerican

MidAmerican suggested the following change for the two subparagraphs:

"Verification shall postpone disconnection for 30 days. Disconnection may be postponed for one additional 30-day period by a renewal of the verification. In the event service is terminated within 44 7 days prior to verification of illness by or for a qualifying resident, service shall be restored to that residence . . . "

MidAmerican suggested the sentence be deleted since the later language requires the customer to enter into a payment agreement or be disconnected and the 14 days is no longer necessary since the utility receives verification via facsimile transmission rather than regular mail service.

Legal Aid

Legal Aid supported the current rule that allows 14 days after disconnection to provide verification of an especial health condition. Legal Aid stated that it would even support a longer period.

Board Analysis

The Board will revise the proposed amendments by deleting the statement "however, the postponement may be extended by a renewal of the verification" at the end of the first sentence in the third unnumbered paragraph. This sentence is inconsistent with the last sentence in that paragraph that requires the customer to either enter into a payment agreement or pay the past due bill within 30 days after giving notice that a resident has an especial medical condition requiring utility

service. The Board will retain the 14 days within which a customer can inform the utility about an especial health condition and have service reconnected. The proposed amendments are revised as follows:

Health of a resident. Disconnection of a residential customer shall be postponed if the disconnection of service would present an especial danger to the health of any permanent resident of the premises. An especial danger to health is indicated if a person appears to be seriously impaired and may, because of mental or physical problems, be unable to manage the person's own resources, to carry out activities of daily living or to be protected from neglect or hazardous situations without assistance from others. Indicators of an especial danger to health include but are not limited to: age, infirmity, or mental incapacitation; serious illness; physical disability, including blindness and limited mobility; and any other factual circumstances which indicate a severe or hazardous health situation.

The utility may require written verification of the especial danger to health by a physician or a public health official, including the name of the person endangered; a statement that the person is a resident of the premises in question; the name, business address, and telephone number of the certifying party; the nature of the health danger; and approximately how long the danger will continue. Initial verification by the verifying party may be by telephone if written verification is forwarded to the utility within five days.

Verification shall postpone disconnection for 30 days; ~~however, the postponement may be extended by a renewal of the verification.~~ In the event service is terminated within 14 days prior to verification of illness by or for a qualifying resident, service shall be restored to that residence if a proper verification is thereafter made in accordance with the foregoing provisions. If the customer does not enter into a reasonable payment agreement for the retirement of the unpaid balance of the account within the first 30 days and does not keep the current account paid during the period

that the unpaid balance is to be retired, the customer is subject to disconnection pursuant to paragraph 19.4(15)"f."

VII. 19.4(15)"d"(10) and 20.4(15)"d"(11) (Switching customer)

F. The Board proposed new subparagraphs intended to address the situation where a non-resident third party agrees to be the customer of record on the account for a residence where a LIHEAP-certified person lives. Under these circumstances, it appears the third-party cannot terminate the service during the winter disconnection moratorium unless the resident (or some other person) is willing to assume customer-of-record status.

Legal Aid

Legal Aid vigorously objected to the proposed new subparagraph (10) that would allow the utility to place the account in the name of a resident who is LIHEAP certified when the customer of record wishes to discontinue service during the winter moratorium. Legal Aid argued that the provision violates the landlord-tenant statutes, Iowa Code Ch. 562A. Legal Aid also suggested that the rule would create a contract where there is no contract and the utility should refuse to disconnect the residence when requested to do so in this situation.

IPL

IPL recommended that proposed new subparagraphs should not be adopted.

Aquila

Aquila opposed the proposed new subparagraphs.

IAEC

IAEC supported the proposed new subparagraphs as long as they were interpreted as not being mandatory.

Atmos

Atmos stated that it cannot switch service to a person who has not applied for service and is not willing to accept responsibility.

MidAmerican

MidAmerican strongly disagreed with the proposed new subparagraphs. MidAmerican stated that the proposed new subparagraphs would require the utility to make a resident who had become LIHEAP certified a customer of record even if that customer would not meet the credit requirements for service. This could result in gaming of the provision by the resident and the landlord or other third person.

MidAmerican also questioned what option the Board proposes if a landlord asks to disconnect and the LIHEAP customer refuses to become a customer, since the LIHEAP resident cannot be disconnected.

Board Analysis

The situation addressed by the proposed amendment occurs where utility service is in a landlord's name or third party's name, a resident of the premise becomes LIHEAP certified, and the landlord or third party no longer wishes to be the customer of record. This scenario has been presented to the Board in a variety of

fact situations. The Board recognizes that the comments raised some valid objections to the proposed amendments.

Based upon the comments and upon reconsideration, the Board will not adopt the proposed new subparagraphs. A landlord or third-party who takes service for another person is assuming the risk that the person will become LIHEAP certified and that the service will therefore have to remain in the landlord's or third-party's name during the winter disconnection moratorium. Landlords and third parties should be made aware of this risk when they obtain service at a premise for another person.

VI. 19.4(15)"f" and 20.4(15)"f" (Disconnection without 12-day notice)

No comments suggesting changes to the proposed amendments. The Board will adopt the amendments as proposed.

VII. 19.4(16)"h" and 20.4(16)"h" (Third party customer where occupant owes bill)

G. These proposed amendments address the situation where third party who is creditworthy requests service at a premise where another occupant owes a debt to the utility for service. The amendment would clarify that this situation is not a sufficient reason to refuse service.

Legal Aid

Legal Aid supported the addition to the list of insufficient reasons for refusing service.

IPL

IPL opposed this new paragraph. IPL opposed the idea that a customer who defaults can have a qualified third-party sign up for service and allow the customer to remain at the location. IPL suggested that this change would significantly increase its arrearages, which are \$3,389,456 at this time. IPL would limit the number of times a third-party may request service when the customer in arrears still occupies the premise. IPL then proposed to amend paragraph "a" based upon the proposal.

Aquila

Aquila opposed the addition of a new circumstance when a utility could not refuse service. Aquila stated that the proposed amendments were an invitation for abuse, citing a roommate example.

IAEC

IAEC suggested that the proposed amendment would completely abolish the utility practices described as the "benefit of service rule" and "roommate rule." IAEC did not support this proposed amendment.

IAMU

IAMU is concerned that the proposed amendment would take away the benefit of service rule for refusing service. IAMU recommended the proposed amendment be modified to add the requirement that the third party could not have resided at the location when the debt was incurred.

Atmos

Atmos opposed the proposed amendment. Atmos believes it creates an environment where bad debt levels will increase, which will be detrimental to the utility and to customers who pay their utility bills.

MidAmerican

MidAmerican stated that this proposed amendment effectively negates the tariff provisions against revolving tenants. This removes the threat of disconnection as a collection tool and potentially increases the bad debt expense in the next rate case. MidAmerican suggested the number of occupants with past due bills should be limited to two before all past due bills should be paid.

Board Analysis

In the proposed rules, the Board used the term "creditworthy" when describing the third party in order to prevent the new paragraph from applying to customers who move in together, place utility service in the name of only one occupant, intentionally do not pay their utility bills, and then attempt to remain living at the residence and continue utility service by switching the account to another roommate. This is the classic roommate situation, a subject that the Board is not addressing in this proceeding. Under most current utility tariffs, none of the roommates would be deemed creditworthy since they all would be liable for the utility bills incurred while they were roommates.

The proposed amendments address those situations where a third party who is creditworthy requests service at a premise where an occupant owes a debt to the utility for service. In this situation the utility will be required to put service in the third party's name. As indicated at the oral presentation, the Board understands that the amendment may not perfectly address all fact situations such as cases where the third party occupied the premise at some time during a period when a debt became delinquent but the third party was not a "roommate" as described above. These unusual fact situations will have to be addressed individually based upon all of the facts known by the utility.

The amendment is clear that in those situations where a creditworthy third-party who was not an occupant during any of the period covered by the delinquent bill requests service at a premise where an occupant has a debt to the utility, the utility cannot refuse service to the third party.

The Board finds that the suggested modification to limit the number of occupants owing a debt to the utility at a residence to be unworkable and probably unenforceable without a significant intrusion by the utility into the lives of its customers. The Board will not adopt that suggestion.

Based upon the above discussion, the Board will adopt the amendment as proposed.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. A rule making identified as Docket No. RMU-04-2 is adopted.
2. The Executive Secretary is directed to submit for publication in the Iowa Administrative Bulletin an "Adopted and Filed" notice in the form attached to and incorporated by reference in this order.

UTILITIES BOARD

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 30th day of July, 2004.

UTILITIES DIVISION [199]

Adopted and Filed

Pursuant to Iowa Code sections 476.1, 476.2, 476.20, and 17A.4 (2003), the Utilities Board (Board) gives notice that on July 30, 2004, the Board issued an order in Docket No. RMU-04-2, In re: Revisions to Consumer Services Rules [199 IAC 19.4(10), 19.4(13), 19.4(15), 19.4(16), 20.4(11), 20.4(14), 20.4(15), and 20.4(16)], "Order Adopting Amendments." The Board proposed amendments to its consumer services rules based upon the results of a review conducted by the Board to address issues facing consumers who cannot pay their utility bills and to address issues related to second payment agreements raised in Docket No. RMU-03-12, In re: Second Payment Agreements [199 IAC 19.4(10)"c" and 20.4(11)"c"], filed by the Consumer Advocate Division of the Department of Justice (Consumer Advocate). Notice of the proposed amendments was published in a "Notice of Intended Action" in IAB Vol. XXVI, No. 25 (6/9/04) p. 1945, as ARC 3411B.

Comments were filed by the Iowa Association of Municipal Utilities (IAMU), the Iowa Association of Electric Cooperatives (IAEC), Legal Aid of Iowa (Legal Aid), the Consumer Advocate Division of the Department of Justice (Consumer Advocate), Aquila, Inc., d/b/a Aquila Networks (Aquila), Atmos Energy Corporation (Atmos), Interstate Power and Light Company (IPL), and MidAmerican Energy Company (MidAmerican). IAMU also filed the comments of Atlantic Municipal Utility (Atlantic), and Mount Pleasant Municipal Utility (Mount Pleasant). An oral presentation was

held on July 16, 2004. MidAmerican, IPL, IAEC, IAMU, Consumer Advocate, and Legal Aid made oral comments.

The Board's order adopting the amendments can be found on the Board's Web site, www.state.ia.us/iub, or in hard copy in the Board's Record Center, 350 Maple Street, Des Moines, Iowa 50319-0069.

These amendments are intended to implement Iowa Code sections 476.1, 476.2, 476.20 and 17A.4.

These amendments will become effective September 22, 2004.

The following amendments are adopted.

Item 1. Amend subrule 19.4(10) as follows:

19.4(10) Payment agreements.

a. Availability of a first payment agreement. When a residential customer cannot pay in full a delinquent bill for utility service or has an outstanding debt to the utility for residential utility service and is not in default of a payment agreement with the utility, a utility shall offer the customer an opportunity to enter into a reasonable payment agreement.

b. Reasonableness. Whether a payment agreement is reasonable will be determined by considering the current household income, ability to pay, payment history including prior defaults on similar agreements, the size of the bill, the amount of time and the reasons why the bill has been outstanding, and any special circumstances creating extreme hardships within the household. The utility may require the person to confirm financial difficulty with an acknowledgment from the department of human services or another agency.

c. Terms of payment agreements.

(1) First payment agreement. The utility shall offer customers who have received a disconnection notice or have been disconnected for 120 days or less and who are not in default of a payment agreement the option of spreading payments evenly over at least 12 months by paying specific amounts at scheduled times. The utility shall offer customers who have been disconnected for more than 120 days and who are not in default of a payment agreement the option of spreading payments evenly over at least six months by paying specific amounts at scheduled times.

~~(2)~~1. The agreement shall also include provision for payment of the current account. The agreement negotiations and periodic payment terms shall comply with tariff provisions which are consistent with these rules. The utility may also require the customer to enter into a level payment plan to pay the current bill.

~~(3)~~2. When the customer makes the agreement in person, a signed copy of the agreement shall be provided to the customer.

~~(4)~~3. The utility may offer the customer the option of making the agreement over the telephone or through electronic transmission. When the customer makes the agreement over the telephone or through electronic transmission, the utility ~~will~~ shall render to the customer a written document reflecting the terms and conditions of the agreement within three days of the date the parties entered into the oral agreement or electronic agreement. The document will be considered rendered to the customer when addressed to the customer's last-known address and deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the document shall

be considered rendered to the customer when delivered to the last-known address of the person responsible for payment for the service. The document shall state that unless the customer notifies the utility within ten days from the date the document is rendered, it will be deemed that the customer accepts the terms as reflected in the written document. The document stating the terms and agreements shall include the address and a toll-free or collect telephone number where a qualified representative can be reached. By making the first payment, the customer confirms acceptance of the terms of the oral agreement or electronic agreement.

4. Each customer entering into a first payment agreement shall be granted at least one late payment that is made four days or less beyond the due date for payment and the first payment agreement shall remain in effect.

~~(52) Second payment agreement. If a customer has retained service from November 1 through April 1 but is in default of a payment agreement, the utility may offer the customer a second payment agreement that will divide the past-due amount into equal monthly payments with the final payment due by the fifteenth day of the next October. The utility shall offer a second payment agreement to a~~
customer who is in default of a first payment agreement if the customer has made at least two consecutive full payments under the first payment agreement. The second payment agreement shall be for the same term as or longer than the term of the first payment agreement. The customer shall be required to pay for current service in addition to the monthly payments under the second payment agreement and may be required to make the first payment up-front as a condition of entering into the second payment agreement. The utility may also require the customer to enter into a level

payment plan to pay the current bill. The utility may offer additional payment agreements to the customer.

d. No change.

Item 2. Amend paragraph **19.4(13)"e"** as follows:

e. Undercharges. When a customer has been undercharged as a result of incorrect reading of the meter, incorrect application of the rate schedule, incorrect connection of the meter, or other similar reasons, the amount of the undercharge may be billed to the customer. The ~~time~~ period for which the utility may adjust for the undercharge shall not exceed five years unless otherwise ordered by the board. The maximum back bill shall not exceed the ~~billing~~ dollar amount equivalent to the tariffed rate for like charges (e.g., usage-based, fixed or service charges) in the 12 months preceding discovery of the error unless otherwise ordered by the board.

Item 3. Amend paragraph **19.4(15)"d"** as follows:

d. Service may be refused or disconnected after proper notice for nonpayment of a bill or deposit, except as restricted by subrules 19.4(16) and 19.4(17), provided that the utility has complied with the following provisions when applicable:

(1) No change.

(2) Given the customer, and any other person or agency designated by the customer, written notice that the customer has at least 12 days in which to make settlement of the account to avoid disconnection and a written summary of the rights and ~~remedies~~ responsibilities available. Customers billed more frequently than monthly pursuant to subrule 19.3(7) shall be given posted written notice that they have 24 hours to make settlement of the account to avoid disconnection and a

written summary of the rights and ~~remedies~~ responsibilities. All written notices shall include a toll-free or collect telephone number where a utility representative qualified to provide additional information about the disconnection can be reached. Each utility representative must provide the representative's name and have immediate access to current, detailed information concerning the customer's account and previous contacts with the utility.

(3) The summary of the rights and ~~remedies~~ responsibilities must be approved by the board. Any utility providing gas service and defined as a public utility in Iowa Code section 476.1 which does not use the standard form set forth below for customers billed monthly shall submit to the board an original and six copies of its proposed form for approval. A utility billing a combination customer for both gas and electric service may modify the standard form to replace each use of the word "gas" with the words "gas and ~~electricity~~ electric" in all instances.

CUSTOMER RIGHTS AND RESPONSIBILITIES TO AVOID ~~AVOIDING~~ SHUT OFF OF GAS SERVICE FOR NONPAYMENT

1. What can I do if I receive a notice from the utility that says my gas service will be shut off because I have a past due bill?

- a. Pay the bill in full; or
- b. Enter into a reasonable payment plan with the utility (see #2 below); or
- c. Apply for and become eligible for low-income energy assistance (see #3 below); or
- d. Give the utility a written statement from a doctor or public health official stating that shutting off your gas service would pose an especial health danger for a person living at the residence (see #4 below); or

- e. Tell the utility if you think part of the amount shown on the bill is wrong.

However, you must still pay the part of the bill you agree you owe the utility (see #5 below).

2. How do I go about making a reasonable payment plan? (Residential customers only)

- a. Contact the utility as soon as you know you cannot pay the amount you owe.

If you cannot pay all the money you owe at one time, the utility may offer you a payment plan that spreads payments evenly over at least 12 months. The plan may be longer depending on your financial situation.

- b. If you have not made the payments you promised in a previous payment plan with the utility and still owe money, ~~the utility can refuse to offer you another payment plan~~ you may qualify for a second payment agreement under certain conditions.

- c. If you do not make the payments you promise, the utility may shut off your utility service on one day's notice unless all the money you owe the utility is paid or you enter into another payment agreement. ~~If your utility service is shut off, the utility may refuse to offer you any further payment plans.~~

3. How do I apply for low-income energy assistance? (Residential customers only)

- a. Contact the local community action agency in your area (see attached list); or

- b. Contact the Division of Community Action Agencies at the Iowa Department of Human Rights, Lucas State Office Building, Des Moines, Iowa 50319; telephone (515)281-0859. To prevent disconnection, you must contact the utility ~~must be contacted~~ prior to disconnection of your service.

c. To avoid disconnection, you must apply for energy assistance before your service is shut off. Notify your utility that you may be eligible and have applied for energy assistance. Once your service has been disconnected, it will not be reconnected based on approval for energy assistance.

d. Being certified eligible for energy assistance will prevent your service from being disconnected from November 1 through April 1.

4. What if someone living at the residence has a serious health condition? (Residential customers only)

Contact the utility if you believe this is the case. Contact your doctor or a public health official and ask the doctor or health official to contact the utility and state that shutting off your utility service would pose an especial health danger for a person living at your residence. The doctor or public health official must provide a written statement to the utility office within 5 days of when your doctor or public health official notifies the utility of the health condition; otherwise, your utility service may be shut off. If the utility receives this written statement, your service will not be shut off for 30 days. This 30-day delay is to allow you time to arrange payment of your utility bill or find other living arrangements. After 30 days, your service may be shut off if payment arrangements have not been made.

5. What should I do if I believe my bill is not correct?

You may dispute your utility bill. You must tell the utility that you dispute the bill. You must pay the part of the bill you think is correct. If you do this, the utility will not shut off your service for 45 days from the date the bill was mailed while you and the

utility work out the dispute over the part of the bill you think is incorrect. You may ask the Iowa Utilities Board for assistance in resolving the dispute. (See #9 below.)

6. When can the utility shut off my utility service because I have not paid my bill?

- a. Your utility can shut off service between the hours of 6 a.m. and 2 p.m., Monday through Friday.
- b. The utility will not shut off your service on nights, weekends, or holidays for nonpayment of a bill.
- c. The utility will not shut off your service if you enter into a reasonable payment plan to pay the overdue amount (see #2 above).
- d. The utility will not shut off your service if the temperature is forecasted to be ~~colder than~~ 20 degrees Fahrenheit or colder during the following 24-hour period, including the day your service is scheduled to be shut off.
- e. If you have qualified for low-income energy assistance, the utility cannot shut off your service ~~between~~ from November 1 ~~and~~ through April 1. However, you will still owe the utility for the service used during this time.
- f. The utility will not shut off your service if you have notified the utility that you dispute a portion of your bill and you pay the part of the bill that you agree is correct.

7. How will I be told the utility is going to shut off my gas service?

- a. You must be given a written notice at least 12 days before the utility service can be shut off for nonpayment. This notice will include the reason for shutting off your service.

b. If you have not made payments required by an agreed-upon payment plan, your service may be disconnected with only one day's notice.

c. The utility must also try to reach you by telephone or in person before it shuts off your service. ~~Between~~ From November 1 ~~and~~ through April 1, if the utility cannot reach you by telephone or in person, the utility will put a written notice on the door of your residence to tell you that your utility service will be shut off.

8. If service is shut off, when will it be turned back on?

a. The utility will turn your service back on if you pay the whole amount you owe or agree to a reasonable payment plan (see #2 above).

b. If you make your payment during regular business hours, or by 7 p.m. for utilities permitting such payment or other arrangements after regular business hours, the utility must make a reasonable effort to turn your service back on that day. If service cannot reasonably be turned on that same day, the utility must do it by 11 a.m. the next day.

c. The utility may charge you a fee to turn your service back on. Those fees may be higher in the evening or on weekends, so you may ask that your service be turned on during normal utility business hours.

9. Is there any other help available besides my utility?

If the utility has not been able to help you with your problem, you may contact the Utilities Board toll-free at 1-877-565-4450. You may also write the Iowa Utilities Board at 350 Maple Street, Des Moines, Iowa 50319-0069, or by E-mail at iubcustomer@iub.state.ia.us. Low-income customers may also be eligible for free legal assistance from Iowa Legal Aid, and may contact Legal Aid at 1-800-532-1275.

(4) When disconnecting service to a residence, made a diligent attempt to contact, by telephone or in person, the customer responsible for payment for service to the residence to inform the customer of the pending disconnection and their the customer's rights and remedies responsibilities.; During the period from November 1 through April 1, if the attempt at customer contact fails, the premises shall be posted at least one day prior to disconnection with a notice informing the customer of the pending disconnection and rights and remedies responsibilities available to avoid disconnection.

If if an attempt at personal or telephone contact of the customer occupying a rental unit ~~which a utility knows or should know is a rental unit~~ has been unsuccessful, the landlord of the rental unit, if known, shall be contacted to determine if the customer is still in occupancy and, if so, ~~their~~ the customer's present location. The landlord shall also be informed of the date when service may be disconnected.

~~During the period November 1 to April 1, if the attempt at customer contact fails, the premises must be posted with a notice informing the customer of the pending disconnection and rights and remedies available to avoid disconnection, at least one day prior to disconnection;~~ if If the disconnection will affect occupants of residential units leased from the customer, the premises of any building known by the utility to contain residential units affected by disconnection must be posted, at least two days prior to disconnection, with a notice informing any occupants of the date when service will be disconnected and the reasons ~~therefor~~ for the disconnection.

(5) and (6) No change.

(7) Severe cold weather. A disconnection may not take place where gas is used as the only source of space heating or to control or operate the only space heating equipment at the residence on any day when the National Weather Service forecast for the following 24 hours covering the area in which the residence is located includes a forecast that the temperature will ~~go below~~ be 20 degrees Fahrenheit or lower. In any case where the utility has posted a disconnect notice in compliance with subparagraph 19.4(15)"d"(4) but is precluded from disconnecting service because of a National Weather Service forecast, the utility may immediately proceed with appropriate disconnection procedures, without further notice, when the temperature in the area where the residence is located rises ~~to~~ above 20 degrees Fahrenheit and is forecasted to be above 20 degrees Fahrenheit for at least 24 hours, unless the customer has paid in full the past due amount or is entitled to postponement of disconnection under some other provision of paragraph 19.4(15)"d."

(8) Health of a resident. Disconnection of a residential customer shall be postponed if the disconnection of service would present an especial danger to the health of any permanent resident of the premises. An especial danger to health is indicated if a person appears to be seriously impaired and may, because of mental or physical problems, be unable to manage the person's own resources, to carry out activities of daily living or to be protected from neglect or hazardous situations without assistance from others. Indicators of an especial danger to health include but are not limited to: age, infirmity, or mental incapacitation; serious illness;

physical disability, including blindness and limited mobility; and any other factual circumstances which indicate a severe or hazardous health situation.

The utility may require written verification of the especial danger to health by a physician or a public health official, including the name of the person endangered; a statement that the person is a resident of the premises in question; the name, business address, and telephone number of the certifying party; the nature of the health danger; and approximately how long the danger will continue. Initial verification by the verifying party may be by telephone if written verification is forwarded to the utility within five days.

Verification shall postpone disconnection for 30 days; ~~however, the postponement may be extended by a renewal of the verification.~~ In the event service is terminated within 14 days prior to verification of illness by or for a qualifying resident, service shall be restored to that residence if a proper verification is thereafter made in accordance with the foregoing provisions. If the customer does not enter into a reasonable payment agreement for the retirement of the unpaid balance of the account within the first 30 days and does not keep the current account paid during the period that the unpaid balance is to be retired, the customer is subject to disconnection pursuant to paragraph 19.4(15)"f."

(9) No change.

Item 4. Amend paragraph 19.4(15)"f" as follows:

f. A utility may disconnect gas service without written 12-day notice for failure of the customer to comply with the terms of a payment agreement, except as provided

in numbered paragraph 19.4(10)"c"(1)"4," provided that the utility complies with the provisions of paragraph 19.4(15)"d."

~~(1) In the case of a customer owning or occupying a residential unit that will be affected by disconnection, the utility has made a diligent attempt, at least one day prior to disconnection, to contact the customer by telephone or in person to inform the customer of the pending disconnection and the customer's rights and remedies. If an attempt at personal or telephone contact of the customer occupying a unit which a utility knows or should know is a rental unit has been unsuccessful, the landlord of the rental unit, if known, shall be contacted to determine if the customer is still in occupancy and, if so, the customer's present location. The landlord shall also be informed of the date when service may be disconnected.~~

~~(2) During the period November 1 to April 1, if the attempt at customer contact fails, the premises must be posted with a notice informing the customer of the pending disconnection and rights and remedies available to avoid disconnection at least one day prior to disconnection. If the disconnection will affect occupants of residential units leased from the customer, the premises of any building known by the utility to contain residential units affected by disconnection must be posted, at least two days prior to disconnection, with any notice informing any occupants of the date when service will be disconnected and the reasons therefor. Disconnection is subject to the provisions of paragraph 19.4(15)"d."~~

Item 5. Amend subrule 19.4(16) by adding new paragraph "h" as follows:

h. Delinquency in payment for service by an occupant, if the customer applying for service is creditworthy and able to satisfy any deposit requirements.

Item 6. Amend subrule 20.4(11) as follows:

20.4(11) Payment agreements.

a. Availability of a first payment agreement. When a residential customer cannot pay in full a delinquent bill for utility service or has an outstanding debt to the utility for residential utility service and is not in default of a payment agreement with the utility, a utility shall offer the customer an opportunity to enter into a reasonable payment agreement.

b. Reasonableness. Whether a payment agreement is reasonable will be determined by considering the current household income, ability to pay, payment history including prior defaults on similar agreements, the size of the bill, the amount of time and the reasons why the bill has been outstanding, and any special circumstances creating extreme hardships within the household. The utility may require the person to confirm financial difficulty with an acknowledgment from the department of human services or another agency.

c. Terms of payment agreements.

(1) First payment agreement. The utility shall offer customers who have received a disconnection notice or have been disconnected ~~for~~ 120 days or less and who are not in default of a payment agreement the option of spreading payments evenly over at least 12 months by paying specific amounts at scheduled times. The utility shall offer customers who have been disconnected ~~for~~ more than 120 days and who are not in default of a payment agreement the option of spreading payments evenly over at least 6 months by paying specific amounts at scheduled times.

~~(2)~~1. The agreement shall also include provision for payment of the current account. The agreement negotiations and periodic payment terms shall comply with tariff provisions which are consistent with these rules. The utility may also require the customer to enter into a level payment plan to pay the current bill.

~~(3)~~2. When the customer makes the agreement in person, a signed copy of the agreement shall be provided to the customer.

~~(4)~~3. The utility may offer the customer the option of making the agreement over the telephone or through electronic transmission. When the customer makes the agreement over the telephone or through electronic transmission, the utility ~~will~~ shall render to the customer a written document reflecting the terms and conditions of the agreement within three days of the date the parties entered into the oral agreement or electronic agreement. The document will be considered rendered to the customer when addressed to the customer's last-known address and deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the document shall be considered rendered to the customer when delivered to the last-known address of the person responsible for payment for the service. The document shall state that unless the customer notifies the utility within ten days from the date the document is rendered, it will be deemed that the customer accepts the terms as reflected in the written document. The document stating the terms and agreements shall include the address and a toll-free or collect telephone number where a qualified representative can be reached. By making the first payment, the customer confirms acceptance of the terms of the oral agreement or electronic agreement.

4. Each customer entering into a first payment agreement shall be granted at least one late payment that is made four days or less beyond the due date for payment and the first payment agreement shall remain in effect.

~~(52) Second payment agreement. If a customer has retained service from November 1 through April 1 but is in default of a payment agreement, the utility may offer the customer a second payment agreement that will divide the past-due amount into equal monthly payments with the final payment due by the fifteenth day of the next October. The utility shall offer a second payment agreement to a customer who is in default of a first payment agreement if the customer has made at least two consecutive full payments under the first payment agreement. The second payment agreement shall be for the same term as or longer than the of the first payment agreement. The customer shall be required to pay for current service in addition to the monthly payments under the second payment agreement and may be required to make the first payment up-front as a condition of entering into the second payment agreement. The utility may also require the customer to enter into a level payment plan to pay the current bill. The utility may offer additional payment agreements to the customer.~~

d. No change.

Item 7. Amend paragraph **20.4(14)"f"** as follows:

f. Undercharges. When a customer has been undercharged as a result of incorrect reading of the meter, incorrect application of the rate schedule, incorrect connection of the meter or other similar reasons, the ~~tariff may provide for billing the~~ amount of the undercharge may be billed to the customer. The ~~time~~ period for which

the utility may adjust for the undercharge shall not exceed five years unless otherwise ordered by the board. The maximum back bill shall not exceed the ~~billing~~ dollar amount equivalent to the tariffed rate for like charges (e.g., usage-based, fixed or service charges) in the 12 months preceding discovery of the error unless otherwise ordered by the board.

Item 8. Amend paragraph **20.4(15)"d"** as follows:

d. Service may be refused or disconnected after proper notice for nonpayment of a bill or deposit, except as restricted by subrules 20.4(16) and 20.4(17), provided that the utility has complied with the following provisions when applicable:

(1) No change.

(2) Given the customer, and any other person or agency designated by the customer, written notice that the customer has at least 12 days in which to make settlement of the account to avoid disconnection and a written summary of the rights and ~~remedies~~ responsibilities available. Customers billed more frequently than monthly pursuant to subrule 20.3(6) shall be given posted written notice that they have 24 hours to make settlement of the account to avoid disconnection and a written summary of the rights and ~~remedies~~ responsibilities. All written notices shall include a toll-free or collect telephone number where a utility representative qualified to provide additional information about the disconnection can be reached. Each utility representative must provide the representative's name and have immediate access to current, detailed information concerning the customer's account and previous contacts with the utility.

(3) The summary of the rights and ~~remedies~~ responsibilities must be approved by the board. Any utility providing electric service and defined as a public utility in Iowa Code section 476.1 which does not use the standard form set forth below for customers billed monthly shall submit to the board an original and six copies of its proposed form for approval. A utility billing a combination customer for both gas and electric service may modify the standard form to replace each use of the word "electric" with the words "gas and ~~electricity~~ electric" in all instances.

CUSTOMER RIGHTS AND RESPONSIBILITIES TO AVOID AVOIDING SHUT OFF OF ELECTRIC SERVICE FOR NONPAYMENT

1. What can I do if I receive a notice from the utility that says my service will be shut off because I have a past due bill?

- a. Pay the bill in full; or
- b. Enter into a reasonable payment plan with the utility (see #2 below); or
- c. Apply for and become eligible for low-income energy assistance (see #3 below); or
- d. Give the utility a written statement from a doctor or public health official stating that shutting off your electric service would pose an especial health danger for a person living at the residence (see #4 below); or
- e. Tell the utility if you think part of the amount shown on the bill is wrong.

However, you must still pay the part of the bill you agree you owe the utility (see #5 below).

2. How do I go about making a reasonable payment plan? (Residential customers only)

a. Contact the utility as soon as you know you cannot pay the amount you owe.

If you cannot pay all the money you owe at one time, the utility may offer you a payment plan that spreads payments evenly over at least 12 months. The plan may be longer depending on your financial situation.

b. If you have not made the payments you promised in a previous payment plan with the utility and still owe money, ~~the utility can refuse to offer you another payment plan~~ you may qualify for a second payment agreement under certain conditions.

c. If you do not make the payments you promise, the utility may shut off your utility service on one day's notice unless all the money you owe the utility is paid or you enter into another payment agreement. ~~If your utility service is shut off, the utility may refuse to offer you any further payment plans.~~

3. How do I apply for low-income energy assistance? (Residential customers only)

a. Contact the local community action agency in your area (see attached list); or

b. Contact the Division of Community Action Agencies at the Iowa Department of Human Rights, Lucas State Office Building, Des Moines, Iowa 50319; telephone (515)281-0859. To prevent disconnection, you must contact the utility ~~must be contacted~~ prior to disconnection of your service.

c. To avoid disconnection, you must apply for energy assistance before your service is shut off. Notify your utility that you may be eligible and have applied for energy assistance. Once your service has been disconnected, it will not be reconnected based on approval for energy assistance.

d. Being certified eligible for energy assistance will prevent your service from being disconnected from November 1 through April 1.

4. What if someone living at the residence has a serious health condition? (Residential customers only)

Contact the utility if you believe this is the case. Contact your doctor or a public health official and ask the doctor or health official to contact the utility and state that shutting off your utility service would pose an especial health danger for a person living at your residence. The doctor or public health official must provide a written statement to the utility office within 5 days of when your doctor or public health official notifies the utility of the health condition; otherwise, your utility service may be shut off. If the utility receives this written statement, your service will not be shut off for 30 days. This 30-day delay is to allow you time to arrange payment of your utility bill or find other living arrangements. After 30 days, your service may be shut off if payment arrangements have not been made.

5. What should I do if I believe my bill is not correct?

You may dispute your utility bill. You must tell the utility that you dispute the bill. You must pay the part of the bill you think is correct. If you do this, the utility will not shut off your service for 45 days from the date the bill was mailed while you and the utility work out the dispute over the part of the bill you think is incorrect. You may ask the Iowa Utilities Board for assistance in resolving the dispute. (See #9 below.)

6. When can the utility shut off my utility service because I have not paid my bill?

a. Your utility can shut off service between the hours of 6 a.m. and 2 p.m., Monday through Friday.

b. The utility will not shut off your service on nights, weekends, or holidays for nonpayment of a bill.

c. The utility will not shut off your service if you enter into a reasonable payment plan to pay the overdue amount (see #2 above).

d. The utility will not shut off your service if the temperature is forecasted to be ~~colder than~~ 20 degrees Fahrenheit or colder during the following 24-hour period, including the day your service is scheduled to be shut off.

e. If you have qualified for low-income energy assistance, the utility cannot shut off your service ~~between~~ from November 1 ~~and~~ through April 1. However, you will still owe the utility for the service used during this time.

f. The utility will not shut off your service if you have notified the utility that you dispute a portion of your bill and you pay the part of the bill that you agree is correct.

7. How will I be told the utility is going to shut off my service?

a. You must be given a written notice at least 12 days before the utility service can be shut off for nonpayment. This notice will include the reason for shutting off your service.

b. If you have not made payments required by an agreed-upon payment plan, your service may be disconnected with only one day's notice.

c. The utility must also try to reach you by telephone or in person before it shuts off your service. ~~Between~~ From November 1 ~~and~~ through April 1, if the utility cannot reach you by telephone or in person, the utility will put a written notice on the door of your residence to tell you that your utility service will be shut off.

8. If service is shut off, when will it be turned back on?

a. The utility will turn your service back on if you pay the whole amount you owe or agree to a reasonable payment plan (see #2 above).

b. If you make your payment during regular business hours, or by 7 p.m. for utilities permitting such payment or other arrangements after regular business hours, the utility must make a reasonable effort to turn your service back on that day. If service cannot reasonably be turned on that same day, the utility must do it by 11 a.m. the next day.

c. The utility may charge you a fee to turn your service back on. Those fees may be higher in the evening or on weekends, so you may ask that your service be turned on during normal utility business hours.

9. Is there any other help available besides my utility?

If the utility has not been able to help you with your problem, you may contact the Iowa Utilities Board toll-free at 1-877-565-4450. You may also write the Iowa Utilities Board at 350 Maple Street, Des Moines, Iowa 50319-0069, or by E-mail at iubcustomer@iub.state.ia.us. Low-income customers may also be eligible for free legal assistance from Iowa Legal Aid, and may contact Legal Aid at 1-800-532-1275.

(4) No change.

(5) When disconnecting service to a residence, made a diligent attempt to contact, by telephone or in person, the customer responsible for payment for service to the residence to inform the customer of the pending disconnection and the customer's rights and remedies responsibilities; During the period from November 1 through April 1, if the attempt at customer contact fails, the premises shall be posted at least one day prior to disconnection with a notice informing the customer of the

pending disconnection and rights and responsibilities available to avoid disconnection.

If if an attempt at personal or telephone contact of the customer occupying a rental unit ~~which a utility knows or should know is a rental unit~~ has been unsuccessful, the landlord of the rental unit, if known, shall be contacted to determine if the customer is still in occupancy and, if so, the customer's present location. The landlord shall also be informed of the date when service may be disconnected.

~~During the period November 1 to April 1, if the attempt at customer contact fails, the premises must be posted with a notice informing the customer of the pending disconnection and rights and remedies available to avoid disconnection, at least one day prior to disconnection; if~~ If the disconnection will affect occupants of residential units leased from the customer, the premises of any building known by the utility to contain residential units affected by disconnection must be posted, at least two days prior to disconnection, with a notice informing any occupants of the date when service will be disconnected and the reasons ~~therefor~~ for the disconnection.

(6) and (7) No change.

(8) Severe cold weather. A disconnection may not take place where electricity is used as the only source of space heating or to control or operate the only space heating equipment at the residence on any day when the National Weather Service forecast for the following 24 hours covering the area in which the residence is located includes a forecast that the temperature will ~~go below~~ be 20 degrees Fahrenheit or colder. In any case where the utility has posted a disconnect notice in

compliance with subparagraph 20.4(15)"d"(5) but is precluded from disconnecting service because of a National Weather Service forecast, the utility may immediately proceed with appropriate disconnection procedures, without further notice, when the temperature in the area where the residence is located rises to above 20 degrees Fahrenheit and is forecasted to be above 20 degrees Fahrenheit for at least 24 hours, unless the customer has paid in full the past due amount or is entitled to postponement of disconnection under some other provision of paragraph 20.4(15)"d."

(9) Health of a resident. Disconnection of a residential customer shall be postponed if the disconnection of service would present an especial danger to the health of any permanent resident of the premises. An especial danger to health is indicated if a person appears to be seriously impaired and may, because of mental or physical problems, be unable to manage the person's own resources, to carry out activities of daily living or to be protected from neglect or hazardous situations without assistance from others. Indicators of an especial danger to health include but are not limited to: age, infirmity, or mental incapacitation; serious illness; physical disability, including blindness and limited mobility; and any other factual circumstances which indicate a severe or hazardous health situation.

The utility may require written verification of the especial danger to health by a physician or a public health official, including the name of the person endangered; a statement that the person is a resident of the premises in question; the name, business address, and telephone number of the certifying party; the nature of the health danger; and approximately how long the danger will continue. Initial

verification by the verifying party may be by telephone if written verification is forwarded to the utility within five days.

Verification shall postpone disconnection for 30 days ; ~~however, the postponement may be extended by a renewal of the verification.~~ In the event service is terminated within 14 days prior to verification of illness by or for a qualifying resident, service shall be restored to that residence if a proper verification is thereafter made in accordance with the foregoing provisions. If the customer does not enter into a reasonable payment agreement for the retirement of the unpaid balance of the account within the first 30 days and does not keep the current account paid during the period that the unpaid balance is to be retired, the customer is subject to disconnection pursuant to paragraph 20.4(15)"f."

(10) No change.

Item 9. Amend paragraph **20.4(15)"f"** as follows:

f. A utility may disconnect electric service without written 12-day notice for failure of the customer to comply with the terms of a payment agreement, except as provided in numbered paragraph 20.4(11)"c"(1)"4," provided the utility complies with the provisions of paragraph 20.4(15)"d" that:

~~(1) In the case of a customer owning or occupying a residential unit that will be affected by disconnection, the utility has made a diligent attempt, at least one day prior to disconnection, to contact the customer by telephone or in person to inform the customer of the pending disconnection and the customer's rights and remedies. If an attempt at personal or telephone contact of the customer occupying a unit which a utility knows or should know is a rental unit has been unsuccessful, the~~

~~landlord of the rental unit, if known, shall be contacted to determine if the customer is still in occupancy and, if so, the customer's present location. The landlord shall also be informed of the date when service may be disconnected.~~

~~(2) During the period November 1 to April 1, if the attempt at customer contact fails, the premises must be posted with a notice informing the customer of the pending disconnection and rights and remedies available to avoid disconnection at least one day prior to disconnection. If the disconnection will affect occupants of residential units leased from the customer, the premises of any building known by the utility to contain residential units affected by disconnection must be posted, at least two days prior to disconnection, with any notice informing any occupants of the date when service will be disconnected and the reasons therefor. Disconnection is subject to the provisions of paragraph 20.4(15)"d."~~

Item 10. Amend subrule **20.4(16)** by adding new paragraph "h" as follows:

h. Delinquency in payment for service by an occupant if the customer applying for service is creditworthy and able to satisfy any deposit requirements.

July 30, 2004

/s/ Diane Munns / by Mark Lambert, Board Member
Diane Munns
Chairman