

**STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD**

**FILED WITH
Executive Secretary
May 26, 2015
IOWA UTILITIES BOARD**

IN RE: APPLICATION OF THE STATUTE OF LIMITATIONS TO DEBTS OWED BY CUSTOMERS FOR NATURAL GAS AND ELECTRIC SERVICE AND UTILITIES BOARD JURISDICTION OVER MUNICIPAL UTILITY LEVEL PAYMENT PLANS	DOCKET NO. NOI-2014-0004
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**MIDAMERICAN ENERGY COMPANY’S ADDITIONAL COMMENTS TO BOARD
INQUIRY**

COMES NOW, MidAmerican Energy Company (“MidAmerican”), and submits its Additional Comments pursuant to the Iowa Utilities Board’s (“Board”) Order Providing for Additional Comments issued May 8, 2015. In its Order, the Board noted it will allow the participants to clarify positions and to respond to discussion at the workshop.

MIDAMERICAN’S ADDITIONAL COMMENTS

The Board’s Order provides a comprehensive summary of the workshop discussion. As directed by the Board, the purpose of MidAmerican’s comments will address Legal Aid’s comments regarding uncollected debts reflected in rates and MidAmerican will also provide additional comments on its position regarding discrimination and limiting the collection period.

As the Board's Order notes, Legal Aid suggested the uncollected debts were reflected in rates approved by the Board along with other revenues and expenses. As MidAmerican and other participants pointed out during the workshop, the inclusion of uncollected debt in rates does not reflect the actual amount of debt. Instead, the uncollected debts, or "bad debt" is a representative amount reflected in rates, and in any given year, that amount may fluctuate. In other words, bad debt is not accounted for dollar for dollar in any given year, therefore, a utility does not double recover the bad debt from rates or from the customer once an old debt is paid. In accordance with generally accepted accounting principles, once an old debt is remitted to the utility, the bad debt balance is reduced by the payment amount.

Consequently, it is in the interest of all ratepayers for the debt to be paid prior to reinstatement of service. Otherwise a higher amount of bad debt balance is carried by the utility which in turn is borne by all ratepayers through rates. The policy implications behind limiting the collection of debt must be considered before limiting a utility's ability to collect a past due debt prior to reinstating service.

The Board has consistently held that "[u]nder the filed rate doctrine, a customer must pay for electric service in a regulatory environment. Under this doctrine, utility customers must pay for utility service at the rates contained in the utility's tariff. 64 Am. Jur. 2d Public Utilities § 62. In Iowa, the regulatory scheme is established in Iowa Code chapter 476, which includes Iowa Code § 476.5." *The Longbranch, Inc., d/b/a Best Western Cooper's Mill Hotel & Restaurant v. Interstate Power and Light Company*, Order Denying Request for Formal Complaint Proceedings, Docket No. FCU-2011-0019, September 7, 2011; *see also The Alverno Health Care Facility vs. Interstate Power and Light Company*, "Order Dismissing Complaint," Docket No. FCU-2010-0002, March 24, 2010. Iowa has established regulatory

schemes and the approved rates have the force of the law. The Board need not rely on the statute of limitations to set limitations on the collection of debt. Instead, the Board should look to minimizing the amount of bad debt accumulated by utilities by allowing a longer period to collect debt, so long as the utility can establish that a past due debt is owed. *See MidAmerican's Comments to the Board Inquiry*, January 12, 2015 at 6-7. By allowing a utility to collect debt prior to reinstating service, the Board is ensuring that all rate payers pay the tariff rate. When time limitations are placed on the debt, then tacit discrimination is allowed through one customer not paying the full tariffed rate.

Moreover, Iowa Code § 476.20(5)(b), allows utilities to collect payment of a past due account prior to reinstatement of service. This section of the Iowa Code does not limit the timeframe upon which the utility should refrain from requesting the past due amount prior to reinstating service. Creating a five to ten-year limitation on utilities to collect a past due amount prior to reinstatement of service is arbitrary and inconsistent with Iowa Code § 476.20(5)(b). Moreover, the limitations create a disservice to customers who pay their account in full. As noted above, collecting a customer's past due debt ensures the tariff rate approved by the Board is paid. This treatment is consistent with Iowa's regulatory environment, and it is this regulatory environment that renders a timeframe related to court action irrelevant to the collection of a tariffed rate.

The Board's order suggested it was unclear whether MidAmerican supported a 15 year limit since Iowa Code § 476.20(5)(b) does allow the utility to refuse service without any limit of time. As noted above, Iowa Code § 476.20(5)(b) does not explicitly limit the timeframe the debt may be collected, but MidAmerican would support a Board rulemaking that past due

debts could not be collected after 15 years, regardless if service was initiated through written application or over the phone.

WHEREFORE, MidAmerican respectfully requests the Iowa Utilities Board consider MidAmerican's additional comments submitted in this Inquiry.

DATED this 26th day of May, 2015.

Respectfully submitted,

MIDAMERICAN ENERGY COMPANY

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