

RECOMMENDATIONS OF STAKEHOLDER GROUP TO THE IOWA UTILITIES BOARD DOCKET NO. RMU-2014-0004

On August 11, 2014, the Utilities Board (Board) issued an order in which the Board appointed members of a Stakeholder Group to provide recommendations for rules to implement the provisions of Iowa Code § 476.20(1)(b) passed by the Iowa General Assembly in the 2014 session and signed by the Governor. The new statute added a new paragraph to the existing statute at Iowa Code § 476.20(1) that will allow a public water utility to enter into an agreement with a city utility, city enterprise, combined city utility, or combined city enterprise to disconnect water service if a debt is owed for sewer, wastewater, or storm drainage service to the city utility, city enterprise, combined city utility, or combined city enterprise. The new statute requires the Board to adopt rules to implement the new provisions. In response to a request by the Governor's Office, the procedures established in Executive Order 80 were followed to provide recommendations to the Board for proposed rules. Appointment of a Stakeholder Group is one of the procedures required by Executive Order 80.

Notice of the formation of a Stakeholder Group to implement the provisions of Iowa Code § 476.20(1)(b) was published in the Iowa Administrative Bulletin at IAB Vol. XXXVII, No. 1 (7/9/14) 25. Interested persons contacted the Board to become members of the Stakeholder Group, and the Board appointed the following persons to the Stakeholder Group in the August 11 2014, Board order:

Julie Smith, Iowa Association of Municipal Utilities

Jeffrey K. Rosencrants, Iowa-American Water Company (Rosencrants was subsequently replaced by Ken Jones of Iowa-American.)

John Long, Consumer Advocate Division of the Department of Justice

Jim Odean, city of Davenport, Iowa

Jessica Kinser, city of Clinton, Iowa

Kristine Stone, city of Bettendorf, Iowa

Don Tormey, Iowa Utilities Board

On September 4, 2014, the Stakeholder Group held a meeting by teleconference. At the meeting, Don Tormey was elected Chair, Larry Johnson of the Governor's Office discussed the requirements of Executive Order 80, how information would be distributed and dates for the next meeting were discussed. The Stakeholder Group decided that information would be distributed to the Group by electronic mail and Don Tormey would be the person responsible for collecting information from the Group and then disseminating information to the Group. The Stakeholder Group decided to have a public meeting in one of the cities served by Iowa-American. After the meeting a public meeting was scheduled for October 29, 2014, in Davenport, Iowa.

As part of the information provided by the Stakeholder Group members were responses to the Board's questions set out in the August 11, 2014 order. A summary of the responses was provided to the Stakeholder Group for the public meeting. (A copy of the summary is attached to this document.)

The public meeting was held as scheduled on October 29, 2014, in Davenport. In addition to the Stakeholder Group members, several persons representing the City of Clinton and Iowa-American Water Company attended and made comments concerning the recommendations discussed by the Stakeholder Group. (A document containing the list of persons who attended, a summary of the discussion at the public meeting, and suggested recommendations is attached.)

Based upon the responses to the draft proposed rules changes sent out to the Group after the public meeting, three alternative proposals are set out below for Board consideration. The information provided in the attached documents provides the members positions on the questions propounded by the Board in the August 11, 2014, order and provides additional information that the Board may find useful in considering the provisions to be proposed for publication in the Iowa Administrative Bulletin.

Alternative One provides before a city utility, city enterprise, city combined utility, or city combined enterprise to disconnect water service for an outstanding debt for sewer or wastewater service, the city utility, city enterprise, city combined utility, or city combined enterprise would have to have entered into a written agreement with Iowa-American that includes the provisions established in the Board's rules. The written agreement would not require Board approval. The focus of the provisions is to ensure that certain customer protections are included in any agreement.

Alternative Two would require a written agreement; however, no other specific requirements would be included in the rules. This alternative would require that the written agreement be approved by the Board. This alternative would allow the Board to ensure that the agreement included necessary customer protections as part of the approval process.

Alternative Three was proposed by Iowa-American and includes provisions that Iowa-American has in similar agreements in other states. .

Alternative One

199 IAC 21.4(7) Refusal or disconnection of service.

Service may be refused or disconnected only for the reasons listed below. Unless otherwise stated, the customer shall be permitted at least 12 days, excluding Sundays and holidays, following ~~mailing of~~ notice by mail, telephone, or in person of disconnect in which to take necessary action before service is discontinued.

g. For failure to pay a debt owed to a city utility, city combined utility, city enterprise, or city combined enterprise if a

debt is owed for sewer, wastewater, or storm drainage service. Disconnection of water service pursuant to this paragraph shall only be allowed if the city utility, city combined utility, city enterprise, or city combined enterprise have entered into a written agreement with the water utility that includes the following provisions:

(1) Allows the customer 12 days after the notice of disconnection of water service to pay the debt owed to the city utility, city combined utility, city enterprise, or city combined enterprise.

(2) Provides for prompt notice from the city to the water utility that the debt for sewer, wastewater, or storm drainage service has been paid. Once notified of the payment of the debt, the water utility shall reconnect water service as provided for in the water utility's tariff.

(3) Requires the city utility, city combined utility, city enterprise, or city combined enterprise to have completed the disconnection notification procedures established in tariffs or ordinances.

(4) Provides that the customer may be charged a fee for disconnection and reconnection of water service for failure of the customer to pay a debt owed to the city utility, city combined utility, city enterprise, or city combined enterprise for sewer, wastewater, or storm drainage service no greater than the rates established for reconnection and disconnection of water service in the water utility's tariffs approved by the utilities board.

Alternative Two

g. For failure to pay a debt owed to a city utility, city combined utility, city enterprise, or city combined enterprise if a debt is owed for sewer, wastewater, or storm drainage service. Disconnection of water service pursuant to this paragraph shall only be allowed if the city utility, city combined utility, city enterprise, or city combined enterprise have entered into a written agreement with the water utility. Each agreement between a city utility, city combined utility, city enterprise, and city combined enterprise shall be approved by the Board before the provisions of the written agreement can be implemented.

Alternative Three

199 IAC 21.4(7) *Refusal or disconnection of service*. Service may be refused or disconnected only for the reasons listed below. Unless otherwise stated, the customer shall be permitted at least 12 days, excluding Sundays and holidays, following mailing of notice of disconnect in which to take necessary action before service is discontinued.

g. For failure to pay a debt owed to a city utility, city combined utility, city enterprise, or city combined enterprise if a debt is owed for sewer, wastewater, or storm drainage service. Disconnection of water service pursuant to this paragraph shall only be allowed if the city utility, city combined utility, city enterprise, or city combined enterprise have entered into a written agreement with the water utility that includes at least the following provisions:

(1) Allows the customer 12 days after the notice of disconnection of water service to pay the debt owed to the city utility, city combined utility, city enterprise, or city combined enterprise.

(2) Provides for prompt notice from the city to the water utility that the debt for sewer, wastewater, or storm drainage service has been paid. Once notified of the payment of the debt, the water utility shall reconnect water service as provided for in the water utility's tariff.

(3) Requires the city utility, city combined utility, city enterprise, or city combined enterprise to have completed the disconnection notification procedures established in tariffs or ordinances.

(4) Provides that the customer may be charged city utility, city combined utility, city enterprise, or city combined enterprise may charge the customer a fee for disconnection and reconnection of water service for failure of the customer to pay a debt owed to the city utility, city combined utility, city enterprise, or city combined enterprise for sewer, wastewater, or storm drainage service no greater than the rates established for reconnection and disconnection of water service in the water utility's tariffs approved by the utilities board.

(5) Provides that the city utility, city combined utility, city enterprise, or city combined enterprise shall pay the water utility a

fee for disconnection and reconnection of water service, and a fee for recoupment of lost revenues arising from disconnection of water service to the customer, in amounts agreed upon between the water utility and the city utility, city combined utility, city enterprise, or city combined enterprise.

(6) Provides that the city utility, city combined utility, city enterprise, or city combined enterprise shall indemnify the water utility for damages related to the discontinuance of water service.

(7) Provides that the utility, city combined utility, city enterprise, or city combined enterprise shall be responsible for all communications with customers related to the disconnection of water service.

Stakeholder Group:

/s/ Don Tormey

/s/ James Odean

/s/ Kristine Stone

/s/ John Long

/s/ Jessica Kinser

/s/ Ken Jones

/s/ Julie Smith

Dated: November , 2014

**STAKEHOLDER GROUP
RESPONSES TO BOARD QUESTIONS AND OTHER
RECOMMENDATIONS**

Stakeholder Group Members who filed responses:

James Odean: Davenport

Kristine Stone: Bettendorf

John Long: Consumer Advocate

Anita Dalton: Clinton

Jessica Kinser: Clinton

Ken Jones: Iowa-American Water

Julie Smith: Iowa Association of Municipal Utilities

A. Should a written agreement be required between Iowa-American Water Company and a city utility, city combined utility, city enterprise, or city combined enterprise that sets out the specific responsibilities for each party to the agreement?

1. Odean: Yes. The agreement should define steps that the municipality takes before the account is eligible to be disconnected, fees associated with the disconnection, after-hours reconnection, temperature parameters for disconnection.

2. Stone: Yes. The written agreement should include information on how 199 IAC 21.4(7) & (8) will be complied with.

3. Long: Such an agreement should be required by the rules. To comply with the statute and rules, the IOU water utility will need to rely on communications and/or actions of the municipal water system, and vice versa. The protocol for communications between the IOU and municipal water system and notifications made by either to the customer must be agreed in advance. Administrative and operational procedures must be in place.

As a practical matter, this could only be accomplished with a written agreement. The protocols and terms of such an agreement could be added as an addendum to the city franchise with the IUB water utility.

Our working group could prepare a form agreement for this purpose. At a minimum the agreement should specify a) protocols for communicating the amount of the delinquent sewer debt from the municipal utility to the IOU; b) protocols for customer notification; (c) protocols for cancelling or delaying the disconnect (if the customer pays or disputes the delinquent amount); and (d) protocols for communicating payment of the delinquent account and establishing reconnection of water service. All of these protocols should include specific contact information (which must be regularly updated) at the municipal utility and the IOU.

4. Jones: Yes, a written agreement should be required between IAWC and a city utility, city combined utility, city enterprise, or city combined enterprise (“City”) that sets out the specific rights and obligations of each party to the agreement. IAWC’s sister companies in Illinois and Missouri have standard agreements that address the relationship between the parties pursuant to the disconnection statutes in those states (for Illinois, 65 ILCS 5/11-141-7, and for Missouri, § 393.015 RSMo). The agreement for Iowa contemplated by Iowa Code § 476.20(1)(b) would address, among other issues, the following: the notice process, the disconnection procedures, fees for disconnection, fees for estimated lost water revenues due to disconnection for sewer non-pay, indemnities to the regulated water utility, and the requirement that all customer communications regarding disconnection for sewer non-pay be handled by the city.

5. Dalton: Yes.

Replies

1. Long: The participants appear to be in agreement on the need for a written agreement. One topic raised by participant Jones warrants further comment. Mr. Jones indicated that the agreement should provide for compensation to the water utility, including compensation for lost water revenues. It would be inappropriate and beyond the scope of the legislation to require compensation for lost water revenues. The Illinois statute cited by Mr. Jones makes specific allowance for recovery of lost revenues. The Iowa legislation does not. The parties will be free to negotiate on this, but it should not be mandated by the rules.

Finally, the executed written agreement between the cities and the water utility should be filed with the Board, especially if the water utility bills for some of the associated disconnection/reconnection costs. See Consumer Advocate response to Question G below.

2. Smith: Yes.

B. Should 199 IAC 21.4(7) be amended to include the disconnection of service pursuant to Iowa Code § 476.20(1)(b) in the list of reasons that water service may be disconnected?

1. Odean: No.

2. Stone: Yes.

3. Long: Yes. The introductory sentence of the rule reads as follows: "Service may be refused or discontinued *only* for the reasons listed below." (emphasis added). This language envisions an exclusive list of grounds for disconnection/refusal of service. It would be best to amend the language to include reference to nonpayment of a municipal sewer bill.

4. Jones: No. Because the authority and determination to discontinue water service are effectively coming from the city, IAWC believes it is not necessary that 199 IAC 21.4(7), which lists the reasons for the regulated water utility to discontinue service, be amended. Furthermore, the 12-day notice provisions of 199 IAC 21.4(7) are different than the notice provisions for city discontinuance of utility service under Iowa Code § 384.84.

5. Dalton: Yes.

Replies

1. Long: It would be best to amend the rule. The language of the rule states that water service may be disconnected only for the listed reasons. It would be confusing to the public if the water utility were allowed to disconnect service for a reason not listed in the rule.

2. Smith: Yes. 199 IAC 21.4(7) states that "service may be refused or discontinued only for the reasons listed below." If the ability to disconnect as conferred in 476.20(1)(b) is not listed, there would be a discrepancy between the statute and the rule.

C. Should disconnection of water service pursuant to Iowa Code § 476.20(1)(b) follow the same 12-day notice provisions of 199 IAC 21.4(7)"e"(2)?

1. Odean: Yes.

2. Stone: Yes.

3. Long: Yes. The Board established the 12-day notice period as a reasonable time frame in which the customer can take steps to pay the bill or otherwise avoid disconnection. This same time period should apply to disconnection related to nonpayment of a municipal sewer bill. In addition, the shut-off notification should be sent on IOU letterhead. It is important that customers not be confused about which service is threatened with disconnection.

4. Jones: IAWC takes no position on this question, because the manner of notice to City sewer customers should be a matter between the City and its sewer customers.

5. Dalton: Yes.

Replies

1. Long: There appears to be agreement on this issue.

2. Smith: Yes.

D. If the customer disputes that a debt is owed for sewer, wastewater, or storm drainage service, should the customer be allowed to pay any undisputed amounts to avoid disconnection for up to 45 days as provided in 199 IAC 21.4(7)"e"?

1. Odean: Yes.

2. Stone: Yes.

3. Long: Yes. OCA understands that municipal sewer bills are based on water usage recorded by the IOU water meter. In the water context, the 45 day period allows for time to resolve meter and billing related disputes and for time to investigate the performance of the meter. Since the sewer bill is based on data derived from the same meter, the same 45 day period should apply.

4. Jones: IAWC takes no position on this question, because the ability of a City sewer customer to make payments to avoid disconnection should be a matter between the City and its sewer customers.

5. Dalton: Yes.

Replies

1. Long: There appears to be agreement on this issue.

2. Smith: No. It should be up to the city to determine this time period.

E. Does Iowa Code § 476.20(1)(b) provide the Board with jurisdiction over complaints filed regarding disconnections made pursuant to Iowa Code § 476.20(1)(b)?

1. Odean: Yes.

2. Stone: Yes.

3. Long: Yes. HF2183 instructs the Board to create rules implementing the statutory changes. Further, the Board already has jurisdiction over complaints related to disconnection of water service by an IOU. Nothing in HF2183 changes that.

4. Jones: No.

5. Dalton: Yes.

Replies

1. Long: The representatives from the municipal sewer systems all agree that the Board would have jurisdiction over complaints. The city sewer systems would be likely to have material evidence in any such complaints. Do the representatives of the municipal sewer systems agree that the sewer systems would respond to customer complaints and participate in the Board's complaint resolution process?

2. Smith: No. HF 2183 didn't include language which gave the Board jurisdiction over complaints that may be brought against a city for disconnection of sewer.

F. How will the city utility, combined city utility, city enterprise, or combined city enterprise ensure that reconnection of water service is promptly restored as required in 199 IAC 21.4(8)?

1. Odean: Yes. However, what is the definition of prompt, within an hour, next day?

2. Stone: This item should be covered in the written agreement between the city utility and Iowa-American.

3. Long: The proposed rule should set a time period within which the city sewer service must notify the IOU after payment has been received.

4. Jones: The rules could prescribe time periods within which the City would be required to notify the regulated water utility after the sewer bill delinquency to the City is resolved.

5. Dalton: Reconnection of water service would be part of written agreement between Iowa-American Water and the city.

Replies

1. Long: The participants all agree that a time limit must be set by the rules. To set an appropriate time limit, the Group will need to know more about the water utilities operations. Here are a few questions to consider:

Does the water utility turn on water service over the weekend?

How much lead time does the water utility need to schedule a reconnection service call?

How long will it take the water utility's crew to reconnect service?

2. Smith: IAMU defers to the responses of the cities.

G. Will a customer be required to pay a reconnection charge when water service is reconnected after payment of the debt to the city utility, combined city utility, city enterprise, or combined city enterprise?

1. Odean: Yes. Could the utility have the option to have the customer pay an additional deposit? Could the customer sign a written agreement to get reconnected and if so, what would be the length of the agreement, 3 months or 12 months? Would the customer ever be eligible for a second agreement?

2. Stone: Yes. The reconnection charge should cover administrative time to send out disconnection notices etc.

3. Long: This topic will need to be discussed.

4. Jones: IAWC takes no position on this question, because whether or not the City requires its sewer customer to pay a reconnection charge is a matter between the City and its sewer customer; the City will be paying a reconnection charge directly to the regulated water utility directly to reimburse its costs.

5. Dalton: Yes.

Replies

1. Long: It seems reasonable that the water utility be compensated for its direct expenses related to disconnection/reconnection. The question is who will ultimately bear these costs, the city or the customer? If the customer ultimately bears these costs, who will bill and collect them, the city or the water utility?

2. Smith: IAMU would like to hear more discussion on this issue.

H. Should 199 IAC 21.4(9)"c" be amended to create an exception for disconnections made pursuant to Iowa Code § 476.20(1)(b)?

1. Odean: Item c. states "Failure to pay for a different type or class of public utility service." Is the sewer fee and the Clean Water fee a different class?
2. Stone: Yes. Otherwise the administrative code is inconsistent with State Code.
3. Long: It does not appear that such a change would be necessary. One of the reasons listed in the rule as insufficient grounds for denying service is "Failure to pay for a different type or class of public utility service." However, the definition of "public utility" found in Iowa Code § 476.1 does not include sewer service. Accordingly, denying water service in accordance with HF2183 and the new rules would not contradict 199 IAC 21.4(9)"c."
4. Jones: No. Because the authority and determination to discontinue water service are effectively coming from the City, IAWC believes it is not necessary that 199 IAC 21.4(9)"c," which lists reasons that are insufficient for the regulated water utility to deny service, be amended.
5. Dalton: Yes.

Replies

1. Long: Consumer Advocate continues to believe that this amendment would not be necessary.
2. Smith: Yes.

Other Recommendations

1. Dalton: We don't have anything outside of the 'norm' of those parameters that already exist with the Iowa Utilities Board for gas/electric companies. Our main concerns are that we would need a contract with Iowa-American Water for their cooperation in the disconnection of water for delinquent sewer charges. And then approval from the Iowa Utilities Board that any 're-connection' fee that was charged by Iowa-American Water could be passed onto the resident affected.

Other Reply Recommendations

1. Kinser: The disconnection of the water service should extend to charges incurred prior to the July 1, 2014, effective date of the statute. Having to calculate charges and penalties after July 1, 2014, on the numerous accounts

that existed and were in a delinquent status prior to July 1, 2014, would present an administrative burden.

Public Comments

1. Carla Edfors (Clinton): I will be unable to attend the meeting on this topic. I am a single working mother and although I work 2 jobs, I constantly struggle to keep my bills paid. I'm nearly always behind on payments of several bills. The sewer bill is usually the last to be paid. If my water can be disconnected due to delinquency of that account, it will add significant pressure on me to get a third job. Please don't make things even tougher on my family and I.

STAKEHOLDER GROUP CITY RESPONSES TO BOARD REQUEST FOR ADDITIONAL INFORMATION

1. How long does a customer have to pay a sewer, wastewater or storm drainage bill before the city sends a disconnect notice?

Clinton: We cannot currently disconnect sewer. If someone does not pay their bill this month, they get a bill next month that shows a rolled forward past due balance. This continues if they still don't pay month after month. If the customer is the property owner they eventually wind up with a balance large enough for us to take notice of, and then we lien the property. If the customer is a renter, and the landlord has a lien waiver on the property, then we pursue other collection efforts, but we have never been able to disconnect the sewer.

Bettendorf: Customers have 30 days to pay their bills before a late notice is sent.

Davenport: Customers are given a minimum of 20 days before the account is delinquent. The following day after all payments are entered we apply penalty and send out delinquent notices.

2. How long does a customer have to pay the debt after the disconnect notice is sent?

Clinton: No ability to disconnect.

Bettendorf: A customer has an additional 15 days to pay once the late notice is sent.

Davenport: Approximately 40 days.

3. How many customers currently have past due bills and how many will be affected by the new rules?

Clinton: This would take me quite some time to compute, as the reporting that I am able to get out of my system does not give me a customer count. If I had to perform an estimate based on the length of my aging report, I would say it is about 2,100 customers. Our billing system is lacking in reporting/management of accounts receivable.

Bettendorf: 1223 current customers are past due.

Davenport: Approximately 1,500 premises.

4. Are these customers that currently have past due bills, business customers or individual (residential) customers?

Clinton: For the most part they are residential customers. We have a handful, (maybe 15) business customers that are repeatedly delinquent.

Bettendorf: Yes, both individual and business customers.

Davenport: 98% are residential customers and 2% commercial.

5. What attempts to collect the debts have the cities made?

Clinton: We can lien the property owner's property with our County Courthouse. The charges due go on their tax bill as a lien on their property. We use the Iowa income offset program. And we have filed a couple of small claims actions, but never with the outcome of a wage garnishment order.

Bettendorf: Bills are due 30 days from billing, past due notice is sent and customer has additional 15 days to pay, then 30 additional days before a lien is placed on the property.

Davenport: The City of Davenport uses the following to attempt to collect delinquent sewer invoices:

- Lien property
- Turn over to collection agency
- Turn over to Iowa Income Offset Program

6. Can you provide an estimate of the total dollars that are past due that would potentially be recovered after the rules go into effect?

Clinton: As of 6/30/2014, we had \$2.3 million that was over 90+ days old in our receivables balance. Even if the order is to take accounts that have been delinquent since July 1, 2014, and figure out which ones were over 90+ days (or whatever time period is reached) it would still be the same group of people that habitually do not pay their sewer bill.

Bettendorf: \$78,500. This does not include those amounts that have already been liened.

Davenport: \$300,000.

STAKEHOLDER GROUP PUBLIC MEETING

OCTOBER 29, 2014

DOCKET NO. RMU-2014-0004

SUMMARY OF MEETING DISCUSSION AND DRAFT PROPOSED RECOMMENDED RULES

The Stakeholder Group (Group) appointed to make recommendations to the Utilities Board to implement Iowa Code § 476.20(1)(b) held a public meeting on October 29, 2014, in Davenport, Iowa. In addition to the Stakeholder Group members, several persons representing the City of Clinton and Iowa-American Water Company attended and made comments concerning the recommendations discussed by the Stakeholder Group. The following persons were in attendance at the meeting:

Stakeholder Group: James Odean, Kristine Stone, John Long, Jessica Kinser, Ken Jones, and Don Tormey.

Other persons present: Cecil Wright, Utilities Board staff; Anita Dalton, City of Clinton Finance Director;

Clinton City Council Members: Paul Gassman, Ed O'Neill, John Rowland

Iowa-American Water Company: Gerry Freudenberg - IAW, Clinton;
Rick E. Osull - IAW, Davenport

State Senate - Rita Hart, Senate District 49 (Clinton)

Media - Brenden West, Clinton Herald reporter

Opening Comments:

Paul Gassman, a member of the Clinton City Council, made opening comments. Mr. Gassman stated that the City of Clinton was in a difficult position with regard to collection of past due debt for sewer service since the City had no way to disconnect sewer service because the customer's water service was not disconnected. Mr. Gassman supported the new statute since it would allow the City to schedule a date for shut off if a customer did not pay for sewer service.

John Rowland, a member of the Clinton City Council, made opening comments. Mr. Rowland stated that the City wanted Iowa-American to disconnect water service so the City could collect for sewer service. Mr. Rowland recognized that charging additional fees and penalties could make it more difficult for customers who did not have the

income to pay for service. Mr. Rowland wanted to make sure the water disconnection complied with legal requirements and that the rules adopted by the Board did not it more difficult to enforce disconnection of water service in order for the city to collect a debt for sewer or wastewater service.

Ed O'Neill, a member of the Clinton City Council, made opening comments. Mr. O'Neill stated that the City of Clinton had been unable to solve the problem of collection of past due sewer bills, which totaled around \$4 million. Mr. O'Neill stated that \$2.4 million was uncollectible under the current procedures, while \$1.8 million would be collected through tax assessments. Mr. O'Neill stated that this issue was very important to the City and the authority to cut off water service would force customers to pay the sewer bills. Mr. O'Neill felt that once customers understood that water service could be disconnected for failure to pay for sewer service, customers would pay sewer bills.

STAKEHOLDER GROUP DISCUSSION AND RECOMMENDATIONS

Below is a summary of the discussion among the Stakeholder Group members and draft recommendations by the Group based upon that discussion. Draft proposed revisions to the Board's current rules are provided at the end of this summary. Please review and make any suggested changes or additional rule revisions and send them back to Don Tormey by November 17, 2014.

A. Should a written agreement be required between Iowa-American Water Company and a city utility, city combined utility, city enterprise, or city combined enterprise that sets out the specific responsibilities for each party to the agreement?

There was unanimous agreement that there should be a written agreement between the city and Iowa-American Water Company (Iowa-American) that provides for the disconnection of water service for failure to pay a sewer and wastewater debt to the city. Iowa-American passed out a draft copy of an agreement from another state. There was discussion about whether Iowa-American should be allowed to negotiate fees and lost revenue as part of the negotiations for the agreement and whether to allow fees. There did not seem to be a consensus regarding whether the agreement between the city and Iowa-American should contain all of the conditions related to disconnection of water service or whether the proposed rules should establish requirements for disconnection of water service that would be required to be part of the agreement.

Iowa-American supported the position that the disconnection would be coming from the city and not the water company and so the agreement should control the conditions for disconnection of water service. There were other opinions expressed that Board's rules should establish the conditions for disconnection of water service.

There was discussion about whether the written agreements between the Cities and Iowa-American would need to be approved by the Board.

Recommendation to Board: The proposed rules should require a written contract between Iowa-American Water Company and the city. The Board will need to decide what contractual provisions will be included in the rules and whether the Board will need to approve each agreement.

B. Should 199 IAC 21.4(7) be amended to include the disconnection of service pursuant to Iowa Code § 476.20(1)(b) in the list of reasons that water service may be disconnected?

It appeared that the majority of the Group favored adding disconnection of water service for a debt owed the city for sewer or wastewater service to the list of reasons that water service may be disconnected.

There was a minority that felt this revision to the Board's rules was not necessary since the city would be initiating the disconnection and providing notice of the disconnection.

Recommendation to Board: The Board should include disconnection of water service for failure to pay a debt to the city for sewer or wastewater service in the list of reasons that water service may be disconnected.

C. Should disconnection of water service pursuant to Iowa Code § 476.20(1)(b) follow the same 12-day notice provisions of 199 IAC 21.4(7)"e"(2)?

There appeared to be Group consensus that the customer should be given the 12 days after notice of disconnection that is provided in 199 IAC 21.4(7)"e"(2). There was then a discussion of how long each city gives to a customer before attempting to collect a past due debt for sewer or wastewater service. It appeared that in general a customer receives a bill and has 30 days to pay. If the customer does not pay, the customer receives a second notice of the need to pay the past due bill. If the customer does not pay, the city attempts to collect the debt through a lien, the tax offset program, or through a collection agency. The cities, especially Clinton, stated that these collection efforts were not very effective and some customers just did not pay knowing that failure to pay would not affect service because the customer still had water service.

Recommendation to Board: The Board should include in the proposed rules a provision that allows a customer 12 days after notice of disconnection of water service for failure to pay a debt owed the city for sewer or wastewater service. This recommendation may need to be modified if the Board adopts Iowa-American's view that the city is the entity disconnecting service and Iowa-American is acting as the city's agent. If this latter view is adopted, then the city would follow its procedures for notification of disconnection of sewer or wastewater service and the customer would not receive the 12-day notice provided for in the Board's rules when water service was disconnected.

D. If the customer disputes that a debt is owed for sewer, wastewater, or storm drainage service, should the customer be allowed to pay any undisputed amounts to avoid disconnection for up to 45 days as provided in 199 IAC 21.4(7)"e"?

There appeared to be Group consensus that the customer should not be allowed to pay the undisputed amount and be given an additional 45 days to pay the disputed amount of a sewer or wastewater bill. The Group's comments indicated that customers received sufficient time during each city's process so that additional time provided in the Board's rules was not necessary.

Recommendation to Board: No amendment is proposed.

E. Does Iowa Code § 476.20(1)(b) provide the Board with jurisdiction over complaints filed regarding disconnections made pursuant to Iowa Code § 476.20(1)(b)?

There appeared to be a pretty even split over whether the Board should assert jurisdiction over complaints regarding the disconnection of water service for failure to pay a sewer or wastewater debt. Some comments supported the Board as an independent body to review the customer complaint while others considered the city's procedures for disputing bills to be sufficient. There was concern that the Board process would only delay the payment of the debt and customers should not be given the additional time.

Recommendation to Board: The Board will need to decide whether to include language in the proposed rules that allows customers to file a complaint based upon disconnection of water service for failure to pay a debt owed a city for sewer or wastewater service. The Board could leave this issue to be decided if and when a complaint is filed.

F. How will the city utility, combined city utility, city enterprise, or combined city enterprise ensure that reconnection of water service is promptly restored as required in 199 IAC 21.4(8)?

There was discussion about Iowa-American's procedures for shutting off water customers. Iowa-American indicated that it does not shut off customers after 4 p.m. on Friday, over the weekend, or on legal holidays. A customer can have water reconnected during business hours or can pay to have water reconnected on the weekend or after hours. There was discussion about the length of time a city should have to inform Iowa-American that the customer had paid the past due debt. It was suggested that the customer be notified when disconnected of the times that the service could be reconnected without additional payment. There did not appear to be a consensus on this issue; however, there was agreement that the city should inform Iowa-American of the paid debt as soon as possible.

Recommendation to Board: The Board should include in the proposed rules a provision that requires the city to promptly notify Iowa-American that the debt has been

paid and that requires Iowa-American to reconnect water service in accordance with the procedures in Iowa-American's tariff.

G. Will a customer be required to pay a reconnection charge when water service is reconnected after payment of the debt to the city utility, combined city utility, city enterprise, or combined city enterprise?

There appeared to be a majority view that the customer would pay for reconnection of sewer and wastewater service to the city. There also appeared to be consensus that the customer would be charged a fee for reconnecting water service. The reconnection fee for water service could be paid to Iowa-American or the city. Iowa-American supported including the payment of disconnection and reconnection fees in the written agreement and not be charged by Iowa-American. Either way, it was agreed that the fees would ultimately be charged to the customer. There was some concern about the burden this additional payment would have on the customer. Iowa-American considers disconnection and reconnection to be action taken by the city and Iowa-American is only acting as the city's agent, so all fees would be paid to the city and then the city would pay Iowa-American the charges in the written agreement. Iowa-American also supported allowing recoupment of lost revenue from disconnection of water service to the customer. There was also some question of how to determine if a payment by the customer was for sewer service or solid waste service since they are billed on the same bill.

(Board staff has some concern that a charge to the customer for lost revenue that results from disconnection under the provisions of the new statute is not allowed by other provisions of Iowa statutes that only require a customer to pay for utility service used at the rate approved by the Board.)

Recommendation to Board: The Board will need to decide whether the rules will include what fees can be charged or if fees will be left up to negotiations between the water utility and the city and whether to allow the recovery of lost revenue that results from the disconnection of water service.

H. Should 199 IAC 21.4(9)"c" be amended to create an exception for disconnections made pursuant to Iowa Code § 476.20(1)(b)?

There appeared to be a majority that supported revising 199 IAC 21.4(9)"c" to include an exception for disconnection of water service for failure to pay a debt for sewer or wastewater service. Iowa-American stated that there was no need to revise this paragraph since it is the city and not a public utility that is disconnecting water service.

Recommendation to Board: The Board should include in the proposed rules an amendment to 21.4(9)"c" to create an exception for failure to pay a debt owed a city for sewer or wastewater service.

Additional Public Comments

The Board received one additional public comment by electronic mail. The comments were from Dody Benfer, 415 SW 60th Street, Des Moines, Iowa. The comments are as follows:

Many states, counties and/or communities have laws which are based on the fact that running water and sewage disposal of an approved method and supplied by an approved provider are required by all designated living quarters of one or more people. This basically gives the right and requirement to deem anything considered to be a place anyone is living in as unfit and condemned as inappropriate for dwelling if there is not an open account of current service of running water from whatever that communities company of water provider is. For a family to fall behind on their water bill, and whatever else is the additions on the water bill, which would have their running water access disconnected and taken away from availability for them, can also have them put into a position of becoming homeless immediately on losing their provided to them water, regardless of whether they think they could get by on hauled in or other sources of water. any community which has such laws and procedures, and especially during these high risk times called recession, should feel responsible to their most disadvantaged citizens by having procedures of actions and exceptions prepared for possible needed use in advance of passing laws stating these same ones could risk losing water and therefore homes for nonpayment of water bills.

DRAFT PROPOSED RULES BASED UPON THE RECOMMENDATIONS OF THE STAKEHOLDER GROUP

Alternative One

199 IAC 21.4(7) *Refusal or disconnection of service.* Service may be refused or disconnected only for the reasons listed below. Unless otherwise stated, the customer shall be permitted at least 12 days, excluding Sundays and holidays, following mailing of notice of disconnect in which to take necessary action before service is discontinued.

g. For failure to pay a debt owed to a city utility, city combined utility, city enterprise, or city combined enterprise if a debt is owed for sewer, wastewater, or storm drainage service. Disconnection of water service pursuant to this paragraph shall only be allowed if the city utility, city combined utility, city enterprise, or city combined enterprise have entered into a written agreement with the water utility that includes the following provisions:

(1) Allows the customer 12 days after the notice of disconnection of water service to pay the debt owed to the city utility, city combined utility, city enterprise, or city combined enterprise.

(2) Provides for prompt notice from the city to the water utility that the debt for sewer, wastewater, or storm drainage service has been paid. Once notified of the payment of the debt, the water utility shall reconnect water service as provided for in the water utility's tariff.

(3) Requires the city utility, city combined utility, city enterprise, or city combined enterprise to have completed the disconnection notification procedures established in tariffs or ordinances.

(4) Provides that the customer may be charged a fee for disconnection and reconnection of water service for failure of the customer to pay a debt owed to the city utility, city combined utility, city enterprise, or city combined enterprise for sewer, wastewater, or storm drainage service no greater than the rates established for reconnection and disconnection of water service in the water utility's tariffs approved by the utilities board.

Alternative Two

g. For failure to pay a debt owed to a city utility, city combined utility, city enterprise, or city combined enterprise if a debt is owed for sewer, wastewater, or storm drainage service. Disconnection of water service pursuant to this paragraph shall only be allowed if the city utility, city combined utility, city enterprise, or city combined enterprise have entered into a written agreement with the water utility. Each agreement between a city utility, city combined utility, city enterprise, and city combined enterprise shall be approved by the Board before the provisions of the written agreement can be implemented.