

Legislative Issue: Service Areas

Iowans receive electricity from their local utility, which is determined by service territories that were created over 25 years ago. In 1977, the Iowa General Assembly passed legislation permitting the Iowa Utilities Board (then the Commerce Commission) to establish exclusive service areas for electric utilities. As a result, each utility is obligated to furnish safe, reliable electric service to all customers in their service area and cannot serve customers in another utilities' area.

This is the legislative policy: it is "in the public interest to encourage the development of a coordinated statewide electric service at retail, to eliminate or avoid unnecessary duplication of electric utility facilities, and to promote economical, efficient, and adequate electric service to the public" (Iowa Code 476.25).

The Iowa Utilities Board (IUB) established these service areas by creating boundaries in a line equidistant between adjacent utilities with flexibility to consider things such as the preservation of existing service areas, utilities' rights to serve existing customers, consideration of natural barriers, etc. The IUB can modify these service areas on its own or upon the request of an electric utility. The Board must consider the above factors and find that a change is in the public interest. Some changes have been made over the years since these boundaries were established; however, in most cases, the changes were sought jointly by the utilities involved.