

Commerce Do Pass 3/21/85

Reprinted 3/29/85

Senate File 450

COMMERCE: Gronstal, Chair; Deluhery and Tieden

SENATE FILE 450

BY COMMITTEE ON ENERGY AND ENVIRONMENT

Formerly SSB 43 A
Approved 2/14/85 (p. 796)

FILED MAR 14 1985

Passed Senate, Date 3-27-85 (p. 1078) Passed House, Date 4-17-85 (p. 1635)
Vote: Ayes 35 Nays 14 Vote: Ayes 60 Nays 36
Approved May 28, 1985

A BILL FOR

1 An Act to create an Iowa commerce commission pilot program for
2 energy conservation improvements.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S 450

1 Section 1. NEW SECTION. 476.61 ENERGY CONSERVATION
2 IMPROVEMENTS -- PILOT PROGRAM.

3511 3 1. As used in this section, unless the context otherwise
4 requires:

5 a. "Energy conservation improvement" means the purchase or
6 installation of a device, method, or material that increases
7 the efficiency in the use of electricity or natural gas,
8 including but not limited to:

- 9 (1) Insulation and ventilation.
- 10 (2) Storm or thermal doors or windows.
- 11 (3) Caulking and weatherstripping.
- 12 (4) Furnace efficiency modifications.
- 13 (5) Thermostat and lighting controls.
- 14 (6) Efficient lighting fixtures.
- 15 (7) Window treatments.
- 16 (8) Systems to turn off or vary the delivery of energy
17 including load control devices.
- 18 (9) Efficient appliances, water heaters, furnaces, and air
19 conditioners.

20 b. "Investments of a public utility" means the investments
21 incurred by a public utility in connection with an energy
22 conservation improvement including but not limited to:

23 (1) The differential in interest cost between the market
24 rate and the rate charged on a no-interest or below-market-
25 interest loan made by a public utility to a customer for the
26 purchase or installation of an energy conservation
27 improvement.

3512 28 (2) The difference between the utility's cost of purchase
29 or installation of energy conservation improvements and any
30 lower price charged by a public utility to a customer for the
31 improvements.

32 (3) A credit, rebate or other financial incentive given to
33 a customer for the purchase or installation of an energy
34 conservation improvement.

35 2. Prior to January 1, 1986, the commission, after

1 consultation with the Iowa energy policy council, shall
2 initiate a pilot program to examine and demonstrate the
3 feasibility of investments of a public utility in energy
4 conservation improvements.

5 3. As part of the pilot program, the commission shall
6 require public utilities to make investments in energy
7 conservation improvements.

8 4. Any energy conservation improvement made to or
9 installed in any customer building pursuant to this section is
10 the exclusive property of the owner of the building except to
11 the extent of any security interest taken by the public
12 utility in case of a loan to the building owner.

13 5. If investments by a public utility in energy
14 conservation improvements are prohibited or restricted in any
15 manner by federal law and there is a provision in that law
16 under which the prohibition or restriction may be waived, the
17 commission or other state officer or agency shall take
18 whatever steps may be necessary to obtain the waiver for
19 public utilities participating in the energy conservation
20 improvement program.

21 6. For the purposes of determining "excess capacity" as
22 provided in section 476.53, energy conservation improvements
23 made as a result of this program or other programs initiated
24 by utilities specifically to reduce demand, shall not be
25 considered to contribute to the excess capacity of the
26 utility.

27 7. If after the conclusion of the pilot program the
28 commission finds that the program is an effective method to
29 improve energy conservation and is expected to result in long-
30 term savings in energy costs, the commission may adopt rules
31 requiring all rate-regulated public gas and electric utilities
32 to make investments in energy conservation improvements in
33 accordance with this section.

34 EXPLANATION

35 This bill requires the Iowa commerce commission to initiate

1 a pilot program prior to January 1, 1986, to examine and
2 demonstrate the feasibility of investments of a public utility
3 in energy conservation improvements. Energy conservation
4 improvements made as a result of the program are not
5 considered to contribute to the excess capacity of the public
6 utility when determining the utility's allowable return on
7 common equity under section 476.53. After the conclusion of
8 the pilot program, the commission may by rule require all
9 rate-regulated gas and electric public utilities to make
10 investments in energy conservation improvements if the
11 commission finds that the program is an effective method to
12 improve energy conservation and is expected to result in long-
13 term savings in energy costs.

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1 Amend Senate File 450 as follows:
2 1. Page 2, line 7, by inserting after the word
3 "improvements." the following: "The commission shall
4 require each utility to establish a public utility
5 conservation investment program (PUCIP) fund. The
6 commission shall determine the rate of interest to be
7 earned by the utility. The interest rate to be
8 applied to the PUCIP fund under this subsection is two
9 percent per annum plus the average quarterly interest
10 rate at commercial banks for twenty-four-month loans
11 for personal expenditures as determined by the
12 commission, compounded annually. The commission shall
13 consider federal reserve, statistical release G.19 or
14 its equivalent when determining interest to be earned
15 under this subsection. The commission shall allow
16 recovery of interest costs over a twelve-month period
17 pursuant to section 476.6, subsection 11."

S-3536 Filed March 27, 1985

By JENSEN

W/S 3/27 (p. 1078)

S-3519

SENATE FILE 450

- 1 Amend the amendment S-3510 to Senate File 450 as
- 2 follows:
- 3 1. Page 1, line 26, by striking the word
- 4 "respectfully" and inserting the following:
- 5 "respectively".

S-3519 Filed March 27, 1985
Adopted 3/27 (p. 1076)

By TAYLOR

S-3520

SENATE FILE 450

- 1 Amend Senate File 450 as follows:
- 2 1. Page 2, line 7, by inserting after the word
- 3 "improvements." the following: "The cost of money,
- 4 bad debt expense, administrative costs, and other
- 5 costs of the pilot program authorized by this section
- 6 shall be included in general utility rates effective
- 7 upon approval of the pilot program by the commission
- 8 pursuant to section 476.6, subsection 11. The
- 9 inclusion of costs in utility rates as provided in
- 10 this subsection shall not continue after the costs
- 11 arising from the approved energy conservation program
- 12 have been recovered."

S-3520 Filed March 27, 1985
Adopted 3/27 (p. 1079)

By WELSH & DRAKE

S-3535

SENATE FILE 450

- 1 Amend the amendment S-3505 to Senate File 450 as
- 2 follows:
- 3 1. Page 1, line 10, by striking the word "more"
- 4 and inserting in lieu thereof the word "less".

S-3535 Filed March 27, 1985
Adopted 3/27 (p. 1078)

By HULTMAN

1 Amend Senate File 450 as follows:
2 1. Page 1, by striking lines 5 through 19 and
3 inserting the following:
4 "a. "Energy conservation improvement" means the
5 purchase or installation of a device or material
6 approved by the commission that increases the
7 efficiency in the use of electricity or natural gas."
8 2. Page 1, by striking lines 20 through 34 and
9 inserting the following:
10 "b. "Investments of a public utility" means the
11 amount of a no interest loan made by a public utility
12 to a customer for the purchase and installation of an
13 energy conservation improvement."
14 3. Page 2, by inserting after line 7 the
15 following:
16 "a. Before the commission gives its approval to an
17 energy conservation improvement, the commission shall,
18 in conjunction with the energy policy council,
19 complete an engineering analysis to assure that the
20 installation of the energy conservation improvement
21 will result in energy cost savings to the owner of the
22 building in an amount that results in the utility
recovering the cost of its investment from the
building owner within six years.
25 b. Repayment of no interest loans made by a public
26 utility shall be conducted in accordance with this
27 paragraph. As used in this paragraph "loan repayment
28 agreement" means a level billing agreement for a six-
29 year term. In the first year, the level billing
30 amount shall be based on the actual energy used in the
31 twelve months preceding the installation of the energy
32 conservation improvement. At the end of twelve
33 months, the utility shall determine the difference
34 between the actual energy cost and the amount
35 collected under the level billing agreement. If the
36 difference is a credit balance, it shall be deducted
37 from the loan balance. If the difference is a debit
38 balance, it shall be added to the loan balance. In
39 the second and subsequent years, the level billing
40 amount shall be based on the actual energy used in the
41 preceding twelve months plus the remaining balance of
42 the loan divided by the number of billing periods
43 remaining in the original six-year loan repayment
44 agreement. Every twelve months the utility shall
45 reconcile the actual energy cost with the amount
46 collected under the level billing agreement and shall
47 apply the resulting credit or debit to the loan
balance. If the loan balance is reduced to zero in
less than six years, the loan repayment agreement
50 shall terminate and any amount collected above the

S-3511 page 2

1 loan balance shall be applied to the customer's
2 utility service account. If the loan balance has not
3 been reduced to zero at the end of six years, the
4 remaining loan balance shall be payable immediately.
5 c. The commission shall conduct an annual
6 proceeding for the purpose of reviewing the utility's
7 actual cost of money loaned under this program and its
8 reasonable cost of administration. As part of the
9 findings of this proceeding, the commission shall
10 allow recovery of these costs over a twelve-month
11 period pursuant to section 476.6, subsection 11."

S-3511 Filed March 27, 1985 By RIFE
Loss 3/27 (p. 1077)

S-3512

SENATE FILE 450

1 Amend Senate File 450 as follows:
2 1. Page 1, by inserting after line 27, the
3 following:
4 "A public utility shall not be required to make a
5 loan for an amount or with terms less favorable than
6 a private financial institution would grant under
7 similar circumstances. The state commissioner of
8 banking shall establish guidelines for utility loans.
9 The commerce commission shall adopt these guidelines."

S-3512 Filed March 27, 1985 By HOLDEN
Loss 3/27 (p. 1077)

S-3513

SENATE FILE 450

1 Amend Senate File 450 as follows:
2 1. Page 2, by inserting after line 20 the
3 following:
4 " . Pursuant to section 476.18(3), the commission
5 shall determine the appropriate level of spending by
6 the utility to inform the customer of the availability
7 of the public utility conservation improvement
8 investment fund (PUCIP). All PUCIP advertising
9 required by the commission shall not include a
10 statement in the ad that the costs of the ad are being
11 charged to the customers of the public utility.
12 However, the commission shall allow the utility to
13 recover these costs on an annual basis pursuant
14 to section 476.6(11)."

S-3513 Filed March 27, 1985 By TIEDEN
**/D 3/27 (p. 1078)*

1 Amend Senate File 450 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. NEW SECTION. 476.61 ENERGY
5 CONSERVATION IMPROVEMENTS -- FEASIBILITY STUDY.

6 1. Prior to January 1, 1986, the commerce
7 commission shall conduct a review of all states which
8 have implemented programs to require public utilities
9 to make investments in energy conservation
10 improvements.

11 2. The commission shall submit to the general
12 assembly a comprehensive report on public utility
13 investment in energy conservation improvements. The
14 report shall at a minimum:

15 a. Document states where utility rates were
16 reduced for all ratepayers as a result of the
17 investments made by the utility.

18 b. Document states where utility rates were
19 increased for all ratepayers as a result of the
20 investments made by the utility.

21 c. Document any power plant whose construction was
22 delayed a significant period of time or any contract
23 to purchase natural gas which was avoided for a
24 significant period of time as a result of utility
25 investments in conservation improvements by an
26 electric or gas utility, respectfully.

27 3. In conjunction with the energy policy council,
28 the commission shall identify the five most cost
29 effective energy conservation improvements for
30 customers of an electric utility in Iowa and the five
31 most cost effective energy conservation improvements
32 for the customers of natural gas utilities in Iowa.

33 a. Having identified the most cost effective
34 energy conservation improvements for customers of gas
35 and electric utilities in Iowa, the commission shall
36 determine, in conjunction with the energy policy
37 council, the current level of penetration of those
38 improvements in Iowa. The commission shall then
39 determine what level of penetration of the
40 improvements could be achieved in Iowa. Having made
41 this determination, the commission shall determine
42 what level of investment would be required to achieve
43 the desired goal.

44 b. Finally, the commission shall project the net
45 benefit to customers of Iowa utilities if the
46 utilities which serve them invest at the level
47 necessary to achieve the recommended goal."

48 2. Title page, line 1, by striking the words
49 "pilot program" and inserting the following:
50 "feasibility study".

SENATE 21
MARCH 27, 1985

S-3508

SENATE FILE 450

1 Amend Senate File 450 as follows:
2 1. Page 2, by inserting after line 7 the
3 following:
4 "4. The commission shall require that the utility
5 annually include with the customer's billing a
6 description of the conservation improvement program
7 of that utility including the definition of eligible
8 customers and an explanation of how a customer
9 qualifies for participation in the program. The
10 utility shall also report the total dollars which have
11 been invested by the utility on behalf of all
12 customers in the program during the preceding twelve
13 months. In addition, the individual customer's
14 monthly bill shall include the actual amount which
15 that customer has contributed to the investment fund
16 in the past twelve months."

S-3508 Filed March 26, 1985

By VANDE HOEF

Loed 3/27 (p. 1078)

3505

SENATE FILE 450

1 Amend Senate File 450 as follows:
2 1. Page 1, by inserting after line 34 the
3 following:
4 "c. Eligible customers" shall mean any customer
5 who has occupied the premise for twelve months prior
6 to requesting to participate in the public utility
7 conservation improvement program. To be eligible for
8 the loan the customer must have maintained a sound
9 credit record with the utility for a period of not
10 more than two years."

S-3505 Filed March 26, 1985

By HULTMAN

Loed 3/27 (p. 1078)

Energy and Environmental Protection: Hughes, Chair; Mullins, Osterberg, Paulin and Peterson.

SENATE FILE

450

BY COMMITTEE ON ENERGY AND ENVIRONMENT

(AS AMENDED AND PASSED BY THE SENATE MARCH 27, 1985)

Re Passed Senate, Date 4-24-85 (p. 1634) Passed House, Date 4-17-85 (p. 1635)

Vote: Ayes 33 Nays 12 Vote: Ayes 66 Nays 36

Approved May 28, 1985

A BILL FOR

1 An Act to create an Iowa commerce commission pilot program
2 for energy conservation improvements.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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_____ = New Language
by the Senate

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1 Section 1. NEW SECTION. 476.61 ENERGY CONSERVATION

3698 2 IMPROVEMENTS -- PILOT PROGRAM.

3 1. As used in this section, unless the context otherwise
4 requires:

5 a. "Energy conservation improvement" means the purchase or
6 installation of a device, method, or material that increases
7 the efficiency in the use of electricity or natural gas,
8 including but not limited to:

- 9 (1) Insulation and ventilation.
- 10 (2) Storm or thermal doors or windows.
- 11 (3) Caulking and weatherstripping.
- 12 (4) Furnace efficiency modifications.
- 13 (5) Thermostat and lighting controls.
- 14 (6) Efficient lighting fixtures.
- 15 (7) Window treatments.
- 16 (8) Systems to turn off or vary the delivery of energy
17 including load control devices.
- 18 (9) Efficient appliances, water heaters, furnaces, and air
19 conditioners.

20 b. "Investments of a public utility" means the investments
21 incurred by a public utility in connection with an energy
22 conservation improvement including but not limited to:

23 (1) The differential in interest cost between the market
24 rate and the rate charged on a no-interest or below-market-
25 interest loan made by a public utility to a customer for the
26 purchase or installation of an energy conservation
27 improvement.

28 (2) The difference between the utility's cost of purchase
29 or installation of energy conservation improvements and any
30 lower price charged by a public utility to a customer for the
31 improvements.

3743 32 (3) A credit, rebate or other financial incentive given to
33 a customer for the purchase or installation of an energy
34 conservation improvement.

3685 35 2. Prior to January 1, 1986, the commission, after

1 consultation with the Iowa energy policy council, shall
2 initiate a pilot program to examine and demonstrate the
3 feasibility of investments of a public utility in energy
4 conservation improvements.

3685 5 3. As part of the pilot program, the commission shall
6 require public utilities to make investments in energy
7 conservation improvements. The cost of money, bad debt
8 expense, administrative costs, and other costs of the pilot
9 program authorized by this section shall be included in
10 general utility rates effective upon approval of the pilot
11 program by the commission pursuant to section 476.6,
12 subsection 11. The inclusion of costs in utility rates as
13 provided in this subsection shall not continue after the costs
14 arising from the approved energy conservation program have
15 been recovered.

16 4. Any energy conservation improvement made to or
17 installed in any customer building pursuant to this section is
18 the exclusive property of the owner of the building except to
19 the extent of any security interest taken by the public
20 utility in case of a loan to the building owner.

21 5. If investments by a public utility in energy
22 conservation improvements are prohibited or restricted in any
23 manner by federal law and there is a provision in that law
24 under which the prohibition or restriction may be waived, the
25 commission or other state officer or agency shall take
26 whatever steps may be necessary to obtain the waiver for
27 public utilities participating in the energy conservation
28 improvement program.

29 6. For the purposes of determining "excess capacity" as
30 provided in section 476.53, energy conservation improvements
31 made as a result of this program or other programs initiated
32 by utilities specifically to reduce demand, shall not be
33 considered to contribute to the excess capacity of the
34 utility.

35 7. If after the conclusion of the pilot program the

1 commission finds that the program is an effective method to
2 improve energy conservation and is expected to result in long-
3 term savings in energy costs, the commission may adopt rules
4 requiring all rate-regulated public gas and electric utilities
5 to make investments in energy conservation improvements in
6 accordance with this section.

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SENATE FILE 450

H-3789

1 Amend Senate File 450 as amended, passed and
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. Section 476.5, Code 1985, is amended
6 to read as follows:

7 476.5 ADHERENCE TO SCHEDULES -- DISCOUNTS.

8 1. No A public utility subject to rate regulation
9 shall not directly or indirectly charge a greater or
10 less compensation for its services than that
11 prescribed in its tariffs, and no such public utility
12 shall not make or grant any unreasonable preferences
13 or advantages as to rates or services to any person or
14 subject any person to any unreasonable prejudice or
15 disadvantage.

16 2. Nothing in this section shall be construed to
17 prohibit any public utility furnishing communications
18 services from providing any service rendered by it
19 without charge or at reduced rate to any of its active
20 or retired officers, directors, or employees, or such
21 officers, directors or employees of other public
22 utilities furnishing communications services.

23 ~~Provided, however, said~~ the service is for personal
24 use, and not for engaging in a business for profit.

25 3. Notwithstanding subsection 1, the commission
26 may approve electric and natural gas rates, charges,
27 schedules and regulations which provide discounts to
28 industrial and commercial customers if the commission
29 finds all of the following:

30 a. The utility has the necessary delivery
31 capabilities.

32 b. The discount rate, charge, schedule or
33 regulation is reasonably calculated to attract new
34 business or expand existing production and employment.

35 c. Other customers of the utility will not
36 experience an increase in rates as a result of the
37 discounts.

38 The discount provided to the customer shall phase
39 out over a reasonable period as specified by the
40 commission."

41 2. Title page, line 1, by striking the words "to
42 create" and inserting the following: "relating to use
43 of energy by allowing the Iowa state commerce
44 commission to approve discount gas and electric
45 utility rates, charges, schedules and regulations
46 which are calculated to attract new business or expand
47 existing production and employment, and by creating".

H-3789 FILED APRIL 15, 1985 BY MCINTEE of Black Hawk

Not germane 4/16/85 (p. 1625)

SENATE FILE 450

H-3808

- 1 Amend amendment H-3685 to Senate File 450 as amended,
2 passed and reprinted by the Senate as follows:
3 1. Page 1, by inserting after line 20, the following:
4 "____. The commission shall provide small businesses
5 with an equal opportunity to compete by adopting rules
6 pursuant to chapter 17A which require, where practical,
7 that customers be provided with alternative pricing
8 proposals for energy conservation improvements from
9 small businesses and other persons in addition to the
10 proposals provided by the investor-owned rate-regulated
11 utilities."
12 2. Renumber subsections as necessary.

BY PAULIN of Plymouth
PARKER of Jasper

H-3808 FILED APRIL 16, 1985

Adopted 4/16/85 (p. 1623)

SENATE FILE 450

H-3809

- 1 Amend amendment H-3789 to Senate File 450 as
2 amended, passed and reprinted by the Senate as
3 follows:
4 1. Page 1, line 37, by inserting after the word
5 "discounts." the following: "Competitors of an
6 industrial customer receiving a discount under this
7 subsection which have the same industrial
8 classification as the industrial customer shall not be
9 charged a tariff which is higher than the discounted
10 tariff provided to the industrial customer under this
11 subsection."

H-3809 FILED APRIL 16, 1985

BY MCINTEE of Black Hawk

Adopted 4/16 (p. 1625)

SENATE FILE 450

H-3685

1 Amend Senate File 450 as follows:

2 1. Page 1, line 2, by striking the word "PROGRAM"
3 and inserting the following: "PROGRAMS".

4 2. Page 2, line 2, by striking the words "a pilot
5 program" and inserting the following: "pilot
6 programs".

7 3. Page 2, line 5, by striking the word "program"
8 and inserting the following: "programs".

9 4. Page 2, line 9, by striking the word "program"
10 and inserting the following: "programs".

11 5. Page 2, line 11, by striking the word
12 "program" and inserting the following: "programs".

13 6. Page 2, by inserting after line 34 the
14 following:

3730 15 "A loan, credit, rebate or other financial
16 incentive offered or given to a customer for the
17 purchase or installation of an energy conservation
18 improvement pursuant to this section shall not be
19 contingent upon the improvement being performed by the
20 utility."

21 7. Page 2, line 35, by striking the words "of
22 the" and inserting the following: "of a".

3849, 3850 23 8. Title page, line 1, by striking the words "an
24 Iowa commerce commission pilot program" and inserting
25 the following: "Iowa commerce commission pilot
26 programs".

BY COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

H-3685 FILED APRIL 8, 1985

Adopted as amended by 3849, 2850 4/11 (1625)

SENATE FILE 450

H-3701

1 Amend Senate File 450 as amended, passed and
2 reprinted by the Senate as follows:

3 1. Page 3, by inserting after line 6 the
4 following:

5 "_____. The investments of a public utility in
6 energy conservation improvements under this section
7 shall only be made with respect to customers who have
8 been certified to the public utility by the local
9 agency which is administrating the low income home
10 energy assistance program and weatherization
11 assistance program as being eligible for either the
12 low income home energy assistance program or
13 weatherization assistance program. A qualified
14 applicant for the low income home energy assistance
15 program shall be promptly certified by the local
16 agency administrating the applicant's program to the
17 applicant's public utility that the customer is
18 qualified for the low income home energy assistance
19 program or weatherization assistance program."

H-3701 FILED APRIL 9, 1985

BY VAN CAMP of Scott

Lost 4/16 (p. 1626)

SENATE FILE 450

H-3730

1 Amend amendment H-3685 to Senate File 450 as
2 amended, passed and reprinted by the Senate as
3 follows:

4 1. Page 1, line 15, by inserting before the word
5 "A" the following: "A public utility shall not under
6 this section offer or perform a weatherization
7 improvement service for which the public utility has
8 provided a loan."

H-3730 FILED APRIL 10, 1985 BY PAULIN of Plymouth

W/D 4/16 (p. 1623)

SENATE FILE 450

H-3743

1 Amend Senate File 450 as amended, passed and
2 reprinted by the Senate as follows:

3 1. Page 1, lines 32 and 33 by striking the words
4 "given to a customer".

5 2. Page 1, line 35, by striking the figure "1986"
6 and inserting the figure "1987".

H-3743 FILED APRIL 11, 1985 BY VAN CAMP of Scott

Loat 4/16 (p. 1625)

3885

HOUSE AMENDMENT TO
SENATE FILE 450

- 1 Amend Senate File 450 as amended and passed by the
2 Senate as follows:
- 3 1. Page 1, line 2, by striking the word "PROGRAM"
4 and inserting the following: "PROGRAMS".
- 5 2. Page 2, line 2, by striking the words "a pilot
6 program" and inserting the following: "pilot
7 programs".
- 8 3. Page 2, line 5, by striking the word "program"
9 and inserting the following: "programs".
- 10 4. Page 2, line 9, by striking the word "program"
11 and inserting the following: "programs".
- 12 5. Page 2, line 11, by striking the word
13 "program" and inserting the following: "programs".
- 14 6. Page 2, by inserting after line 34 the
15 following:
16 "A loan, credit, rebate or other financial
17 incentive offered or given to a customer for the
18 purchase or installation of an energy conservation
19 improvement pursuant to this section shall not be
20 contingent upon the improvement being performed by the
21 utility.
- 22 7. The commission shall provide small businesses
with an equal opportunity to compete by adopting rules
pursuant to chapter 17A which require, where
25 practical, that customers be provided with alternative
26 pricing proposals for energy conservation improvements
27 from small businesses and other persons in addition to
28 the proposals provided by the investor-owned rate-
29 regulated utilities."
- 30 7. Page 2, line 35, by striking the words "of
31 the" and inserting the following: "of a".
- 32 8. Page 3, line 4, by inserting after the word
33 "all" the following: "investor-owned,".
- 34 9. Page 3, by inserting after line 6 the
35 following:
36 "Sec. ____ . By January 1, 1988, the Iowa state
37 commerce commission shall file with the governor and
38 the general assembly a report on the effects section
39 476.61 created under this Act has made on rates
40 charged to customers of investor-owned electric and
41 natural gas utilities in Iowa and the report shall
42 indicate the level of investments in energy
43 conservation improvements made by the public utilities
44 under the provisions of section 476.61."
- 45 10. Title page, line 1, by striking the words "an
46 Iowa commerce commission pilot program" and inserting
47 the following: "Iowa commerce commission pilot
programs".

SENATE FILE 450

H-3849

1 Amend amendment H-3685 to Senate File 450 as
2 amended, passed and reprinted by the Senate as
3 follows:
4 1. Page 1, by inserting after line 22 the
5 following:
6 " ____ . Page 3, by inserting after line 6 the
7 following:
8 "Sec. ____ . By January 1, 1988, the Iowa state
9 commerce commission shall file with the governor and
10 the general assembly a report on the effects section
11 476.61 created under this Act has made on rates
12 charged to customers of investor-owned electric and
13 natural gas utilities in Iowa and the report shall
14 indicate the level of investments in energy
15 conservation improvements made by the public utilities
16 under the provisions of section 476.61."

H-3849 FILED APRIL 17, 1985 BY DE GROOT of Lyon
ADOPTED (p. 1634)

SENATE FILE 450

H-3850

1 Amend amendment H-3685 to Senate File 450 as
2 amended, passed, and reprinted by the Senate as
3 follows:
4 1. Page 1, by inserting after line 22 the
5 following:
6 " ____ . Page 3, line 4, by inserting after the word
7 "all" the following: "investor-owned,."
8 2. Renumber as necessary.

H-3850 FILED APRIL 17, 1985 BY PARKER of Jasper
ADOPTED (p. 1635) HUGHES of Union

New
SF 450

S.B. 43A
Energy

SENATE FILE 450

BY (PROPOSED COMMITTEE ON ENERGY
AND ENVIRONMENT BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act to create an Iowa commerce commission pilot program for
2 energy conservation improvements.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 476.61 ENERGY CONSERVATION
2 IMPROVEMENTS -- PILOT PROGRAM.

3 1. As used in this section, unless the context otherwise
4 requires:

5 a. "Energy conservation improvement" means the purchase or
6 installation of a device, method, or material that increases
7 the efficiency in the use of electricity or natural gas,
8 including but not limited to:

- 9 (1) Insulation and ventilation.
- 10 (2) Storm or thermal doors or windows.
- 11 (3) Caulking and weatherstripping.
- 12 (4) Furnace efficiency modifications.
- 13 (5) Thermostat and lighting controls.
- 14 (6) Efficient lighting fixtures.
- 15 (7) Window treatments.
- 16 (8) Systems to turn off or vary the delivery of energy
17 including load control devices.
- 18 (9) Efficient appliances, water heaters, furnaces, and air
19 conditioners.

20 b. "Investments of a public utility" means the investments
21 incurred by a public utility in connection with an energy
22 conservation improvement including but not limited to:

- 23 (1) The differential in interest cost between the market
24 rate and the rate charged on a no-interest or below-market-
25 interest loan made by a public utility to a customer for the
26 purchase or installation of an energy conservation
27 improvement.
- 28 (2) The difference between the utility's cost of purchase
29 or installation of energy conservation improvements and any
30 lower price charged by a public utility to a customer for the
31 improvements.
- 32 (3) A credit, rebate or other financial incentive given to
33 a customer for the purchase or installation of an energy
34 conservation improvement.

35 2. Prior to January 1, 1986, the commission, after

1 consultation with the Iowa energy policy council, shall
2 initiate a pilot program to examine and demonstrate the
3 feasibility of investments of a public utility in energy
4 conservation improvements.

5 3. As part of the pilot program, the commission shall
6 require public utilities to make investments in energy
7 conservation improvements.

8 4. Any energy conservation improvement made to or
9 installed in any customer building pursuant to this section is
10 the exclusive property of the owner of the building except to
11 the extent of any security interest taken by the public
12 utility in case of a loan to the building owner.

13 5. If investments by a public utility in energy
14 conservation improvements are prohibited or restricted in any
15 manner by federal law and there is a provision in that law
16 under which the prohibition or restriction may be waived, the
17 commission or other state officer or agency shall take
18 whatever steps may be necessary to obtain the waiver for
19 public utilities participating in the energy conservation
20 improvement program.

21 6. For the purposes of determining "excess capacity" as
22 provided in section 476.53, energy conservation improvements
23 made as a result of this program or other programs initiated
24 by utilities specifically to reduce demand, shall not be
25 considered to contribute to the excess capacity of the
26 utility.

27 7. If after the conclusion of the pilot program the
28 commission finds that the program is an effective method to
29 improve energy conservation and is expected to result in long-
30 term savings in energy costs, the commission may adopt rules
31 requiring all rate-regulated public gas and electric utilities
32 to make investments in energy conservation improvements in
33 accordance with this section.

34 EXPLANATION

35 This bill requires the Iowa commerce commission to initiate

1 a pilot program prior to January 1, 1986, to examine and
2 demonstrate the feasibility of investments of a public utility
3 in energy conservation improvements. Energy conservation
4 improvements made as a result of the program are not
5 considered to contribute to the excess capacity of the public
6 utility when determining the utility's allowable return on
7 common equity under section 476.53. After the conclusion of
8 the pilot program, the commission may by rule require all
9 rate-regulated gas and electric public utilities to make
10 investments in energy conservation improvements if the
11 commission finds that the program is an effective method to
12 improve energy conservation and is expected to result in long-
13 term savings in energy costs.

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SENATE FILE 450

AN ACT

TO CREATE IOWA COMMERCE COMMISSION PILOT PROGRAMS FOR ENERGY CONSERVATION IMPROVEMENTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 476.61 ENERGY CONSERVATION IMPROVEMENTS -- PILOT PROGRAMS.

1. As used in this section, unless the context otherwise requires:

a. "Energy conservation improvement" means the purchase or installation of a device, method, or material that increases the efficiency in the use of electricity or natural gas, including but not limited to:

- (1) Insulation and ventilation.
- (2) Storm or thermal doors or windows.
- (3) Caulking and weatherstripping.
- (4) Furnace efficiency modifications.
- (5) Thermostat and lighting controls.
- (6) Efficient lighting fixtures.
- (7) Window treatments.
- (8) Systems to turn off or vary the delivery of energy

including load control devices.

(9) Efficient appliances, water heaters, furnaces, and air conditioners.

b. "Investments of a public utility" means the investments incurred by a public utility in connection with an energy conservation improvement including but not limited to:

(1) The differential in interest cost between the market rate and the rate charged on a no-interest or below-market-interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement.

(2) The difference between the utility's cost of purchase or installation of energy conservation improvements and any lower price charged by a public utility to a customer for the improvements.

(3) A credit, rebate or other financial incentive given to a customer for the purchase or installation of an energy conservation improvement.

2. Prior to January 1, 1986, the commission, after consultation with the Iowa energy policy council, shall initiate pilot programs to examine and demonstrate the feasibility of investments of a public utility in energy conservation improvements.

3. As part of the pilot programs, the commission shall require public utilities to make investments in energy conservation improvements. The cost of money, bad debt expense, administrative costs, and other costs of the pilot programs authorized by this section shall be included in general utility rates effective upon approval of the pilot programs by the commission pursuant to section 476.6, subsection 11. The inclusion of costs in utility rates as provided in this subsection shall not continue after the costs arising from the approved energy conservation program have been recovered.

4. Any energy conservation improvement made to or installed in any customer building pursuant to this section is the exclusive property of the owner of the building except to the extent of any security interest taken by the public utility in case of a loan to the building owner.

5. If investments by a public utility in energy conservation improvements are prohibited or restricted in any

manner by federal law and there is a provision in that law under which the prohibition or restriction may be waived, the commission or other state officer or agency shall take whatever steps may be necessary to obtain the waiver for public utilities participating in the energy conservation improvement program.

6. For the purposes of determining "excess capacity" as provided in section 476.53, energy conservation improvements made as a result of this program or other programs initiated by utilities specifically to reduce demand, shall not be considered to contribute to the excess capacity of the utility.

A loan, credit, rebate or other financial incentive offered or given to a customer for the purchase or installation of an energy conservation improvement pursuant to this section shall not be contingent upon the improvement being performed by the utility.

7. The commission shall provide small businesses with an equal opportunity to compete by adopting rules pursuant to chapter 17A which require, where practical, that customers be provided with alternative pricing proposals for energy conservation improvements from small businesses and other persons in addition to the proposals provided by the investor-owned rate-regulated utilities.

8. If after the conclusion of a pilot program the commission finds that the program is an effective method to improve energy conservation and is expected to result in long-term savings in energy costs, the commission may adopt rules requiring all investor-owned, rate-regulated public gas and electric utilities to make investments in energy conservation improvements in accordance with this section.

Sec. 2. By January 1, 1988, the Iowa state commerce commission shall file with the governor and the general assembly a report on the effects section 476.61 created under this Act has made on rates charged to customers of investor-

owned electric and natural gas utilities in Iowa and the report shall indicate the level of investments in energy conservation improvements made by the public utilities under the provisions of section 476.61.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 450, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved May 28, 1985

TERRY E. BRANSTAD
Governor