

ENERGY AND ENVIRONMENT: Gronstal, Chair; Carr and Soorholtz

FILED JAN 28 1986

SENATE FILE **2083**
BY COMMITTEE ON COMMERCE
(formerly SSB 2044)
Approved 1/28 (p. 175)

Passed Senate, Date 3-3-86 (p. 478)

Passed House, Date 4-4-86 (A1233)

Vote: Ayes 43 Nays 2

Vote: Ayes 74 Nays 13

Approved April 28, 1986

Motion to reconsider (p. 514) w/2 3/18

A BILL FOR

5066 1 An Act repealing the energy conservation improvement pilot
5064 2 programs and providing an effective date.

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

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S.F. 2083

5066 amended
see

50641 Section 1. Section 476.61, Code Supplement 1985, is
2 repealed.

50643 Sec. 2. A public utility which has initiated an energy
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5170 4 conservation improvement pilot program under section 476.61
5 shall terminate the program as quickly as possible consistent
6 with good management practices and in a manner that minimizes
7 costs to the utility's customers. The commerce commission
8 shall adopt emergency temporary rules establishing guidelines
9 for terminating a program.

10 Sec. 3. This Act, being deemed of immediate importance,
11 takes effect from and after its publication in The Altoona
12 Herald-Mitchellville Index, a newspaper published in Altoona,
13 Iowa, and in The Record-Herald & Indianola Tribune, a
14 newspaper published in Indianola, Iowa.

15 EXPLANATION

16 This bill repeals the energy conservation improvement pilot
17 program that was adopted in S.F. 450 (chapter 200, 1985 Iowa
18 Acts). Programs that have been initiated would be terminated
19 as quickly as possible consistent with good management
20 practices and in a manner that minimizes costs to the
21 utilities' customers. The bill is effective upon publication.

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SENATE FILE 2083

S-5066

1 Amend Senate File 2083 as follows:

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

4 "Section 1. Section 476.61, subsection 1, Code
5 Supplement 1985, is amended by adding the following
6 new lettered paragraph:

7 NEW LETTERED PARAGRAPH. c. "Pilot program" means
8 a program which is initiated for a fixed period of
9 time and is limited to a fixed geographic area within
10 the utility's service area, limited to a fixed number
11 of the utility's customers, or otherwise limited so
12 that there is sufficient information available from
13 the results of the program to determine the long-term
14 energy savings by the utility as a result of the
15 program both in terms of avoided construction costs
16 and avoided production costs.

17 Sec. 2. Section 476.61, subsection 3, Code
18 Supplement 1985, is amended to read as follows:

19 3. As part of the pilot programs, the commission
20 shall require public utilities to make investments in
21 energy conservation improvements. ~~The cost of money,~~
22 ~~bad debt expense, administrative costs, and other~~
23 ~~costs of the pilot programs authorized by this section~~
24 ~~shall be included in general utility rates effective~~
25 ~~upon approval of the pilot programs by the commission~~
26 ~~pursuant to section 476.67, subsection 11. The~~
27 ~~inclusion of costs in utility rates as provided in~~
28 ~~this subsection shall not continue after the costs~~
29 ~~arising from the approved energy conservation program~~
30 ~~have been recovered. The commission shall permit~~
31 recovery of reasonable actual costs of the program.
32 However, the recovery is limited to a maximum of one
33 quarter of one percent of the utility's gross revenue
34 each year.

35 Sec. 3. Section 476.61, subsection 9, Code
36 Supplement 1985, is amended to read as follows:

37 9. If after the conclusion of a pilot program the
38 commission finds that the program is an effective
39 method to improve energy conservation and is expected
40 to result in long-term savings in energy costs for the
41 utility's customers as a class, the commission may
42 adopt rules requiring all investor-owned, rate-
43 regulated public gas and electric utilities to make
44 investments in energy conservation improvements in
45 accordance with this section.

46 Sec. 4. Section 476.61, Code Supplement 1985, is
47 amended by adding the following new subsection:

48 NEW SUBSECTION. 10. In implementing this section,
49 the commerce commission shall adopt rules restricting
50 the operation of pilot programs by requiring that

1 income guidelines shall be established for eligibility
2 of a residential customer to participate in a pilot
3 program. The guidelines shall include a maximum
4 income of thirty thousand dollars per year for a
5 customer in a residential unit with one individual
6 residing in the unit and forty thousand dollars per
7 year for a customer in a residential unit with more
8 than one individual residing in the unit. To
9 determine the customer's income, the annual adjusted
10 gross income for all individuals who have filed a
11 personal income tax return and reside in the residence
12 shall be aggregated. As used in this subsection,
13 "adjusted gross income" means as properly computed for
14 federal income tax purposes under the Internal Revenue
15 Code of 1954 as defined in section 422.3.

16 Sec. 5. Each utility shall file with the
17 commission within 30 days of the effective date of
18 this Act a plan for terminating its projects currently
19 in operation under section 476.61, including a proposed
20 reconciliation of actual expenses incurred and
21 revenues collected under Section 476.61. Such
22 reconciliation may be made, subject to the
23 commission's discretion, as a one-time adjustment or
24 in a general rate case.

25 The collections charged pursuant to section 476.61
26 for projects currently in operation shall be
27 terminated by commission order no later than the third
28 monthly billing cycle after the effective date of this
29 Act.

30 Sec. 6. This Act, being deemed of immediate
31 importance, takes effect from and after its
32 publication in the Ames Daily Tribune, a newspaper
33 published in Ames, Iowa, and in The Des Moines
34 Register, a newspaper published in Des Moines, Iowa."

35 2. Title page, by striking lines 1 and 2 and
36 inserting the following:

37 "An Act relating to pilot programs for energy
38 conservation improvements and providing an effective
39 date."

SENATE FILE 2083

S-5067

1 Amend Senate File 2083 as follows:

2 1. Page 1, by striking lines 7 through 9 and
3 inserting the following: "costs to the utility's
4 customers.

5 Each utility shall file with the Iowa state
6 commerce commission within thirty days of the
7 effective date of this Act a plan for terminating its
8 projects under section 476.61, including a proposed
9 reconciliation of actual expenses incurred and
10 revenues collected under section 476.61. Such
11 reconciliation may be made, subject to the
12 commission's discretion, as a one-time adjustment or
13 in a general rate case.

14 The collections charged pursuant to section 476.61
15 shall be terminated by commission order, no later than
16 the third monthly billing cycle after the effective
17 date of this Act."

S-5067 Filed February 14, 1986 BY GRONSTAL
1/18 3/3 (p. 497)

SENATE FILE 2083

S-5170

1 Amend Senate File 2083 as follows:

2 1. Page 1, line 5, by inserting after the word
3 "program" the following: "and cease approving loans".

4 2. Page 1, by striking lines 7 through 9 and
5 inserting the following: "costs to the utility's
6 customers. Each utility shall file with the Iowa
7 state commerce commission within thirty days of the
8 effective date of this Act a plan for terminating any
9 pilot project the utility is conducting under section
10 476.61. The termination plan shall include, but is
11 not limited to, a proposed reconciliation of actual
12 expenses incurred, including obligations, and revenues
13 collected under section 476.61. Upon the commission's
14 approval, the reconciliation shall be either a one-
15 time adjustment or collected over a reasonable amount
16 of time. The reconciliation amount shall not be
17 separately identified on the customer's bill.

18 The collections charged pursuant to section 476.61
19 shall be terminated by commission order, no later than
20 the third monthly billing cycle after the effective
21 date of this Act."

S-5170 Filed February 21, 1986
BY GRONSTAL, KINLEY

Adopted 3/3 (p. 497)

-5064

- 1 Amend Senate File 2083 as follows:
- 2 1. Page 1, by striking lines 1 and 2 and
- 3 inserting the following:
- 4 "Section 1. Section 476.61, subsection 1,
- 5 paragraph a, unnumbered paragraph 1, Code Supplement
- 6 1985, is amended to read as follows:
- 7 a. "Energy conservation improvement" means the
- 8 purchase or installation of a device, method, or
- 9 material that increases the efficiency in the use of
- 10 electricity ~~or natural gas~~, including but not limited
- 11 to:
- 12 Sec. 2. Section 476.61, subsection 3, Code
- 13 Supplement 1985, is amended to read as follow:
- 14 3. As part of the pilot programs, the commission
- 15 shall require public electric utilities to make
- 16 investments in energy conservation improvements. The
- 17 cost of money, bad debt expense, administrative costs,
- 18 and other costs of the pilot programs authorized by
- 19 this section shall be included in general utility
- 20 rates effective upon approval of the pilot programs by
- 21 the commission pursuant to section 476.6, subsection
- 22 11. The inclusion of costs in utility rates as
- 23 provided in this subsection shall not continue after
- 24 the costs arising from the approved energy
- 25 conservation program have been recovered.
- 26 Sec. 3. Section 476.61, subsection 9, Code
- 27 Supplement 1985, is amended to read as follows:
- 28 9. If after the conclusion of a pilot program the
- 29 commission finds that the program is an effective
- 30 method to improve energy conservation and is expected
- 31 to result in long-term savings in energy costs, the
- 32 commission may adopt rules requiring all investor-
- 33 owned, rate-regulated public ~~gas and~~ electric
- 34 utilities to make investments in energy conservation
- 35 improvements in accordance with this section."
- 36 2. Page 1, line 3, by inserting after the word
- 37 "public" the word "gas".
- 38 3. Title page, line 2, by inserting after the
- 39 word "programs" the words "for public gas utilities".
- 40 4. Renumber as necessary.

S-5064 Filed February 13, 1986 BY GRONSTAL

7/15 3/3 (p. 491)

56 Amend
see

1 Section 1. Section 476.61, Code Supplement 1985, is
 2 repealed.
 3 Sec. 2. A public utility which has initiated an energy
 4 conservation improvement pilot program under section 476.61
 5 shall terminate the program and cease approving loans as
 6 quickly as possible consistent with good management practices
 7 and in a manner that minimizes costs to the utility's
 8 customers. Each utility shall file with the Iowa state
 9 commerce commission within thirty days of the effective date
 10 of this Act a plan for terminating any pilot project the
 11 utility is conducting under section 476.61. The termination
 12 plan shall include, but is not limited to, a proposed
 13 reconciliation of actual expenses incurred, including
 14 obligations, and revenues collected under section 476.61.
 15 Upon the commission's approval, the reconciliation shall be
 16 either a one-time adjustment or collected over a reasonable
 17 amount of time. The reconciliation amount shall not be
 18 separately identified on the customer's bill.

19 The collections charged pursuant to section 476.61 shall be
 20 terminated by commission order, no later than the third
 21 monthly billing cycle after the effective date of this Act.

22 Sec. 3. This Act, being deemed of immediate importance,
 23 takes effect from and after its publication in The Altoona
 24 Herald-Mitchellville Index, a newspaper published in Altoona,
 25 Iowa, and in The Record-Herald & Indianola Tribune, a
 26 newspaper published in Indianola, Iowa.

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SENATE FILE 2083

H-5646

1 Amend Senate File 2083 as amended, passed, and
2 reprinted by the Senate as follows:

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

5 "Section 1. Section 476.61, subsection 1, Code
6 Supplement 1985, is amended by adding the following
7 new lettered paragraph:

8 NEW LETTERED PARAGRAPH. c. "Pilot program" means
9 a program which is initiated for a fixed period of
10 time and is limited to a fixed geographic area within
11 the utility's service area, limited to a fixed number
12 of the utility's customers, or otherwise limited so
13 that there is sufficient information available from
14 the results of the program to determine the long-term
15 energy savings by the utility as a result of the
16 program both in terms of avoided construction costs
17 and avoided production costs.

18 Sec. 2. Section 476.61, subsection 3, Code
19 Supplement 1985, is amended to read as follows:

20 3. As part of the pilot programs, the commission
21 shall require public utilities to make investments in
22 energy conservation improvements. ~~The cost of money,~~
23 ~~bad-debt-expense, administrative costs, and other~~
24 ~~costs of the pilot programs authorized by this section~~
25 ~~shall be included in general utility rates effective~~
26 ~~upon approval of the pilot programs by the commission~~
27 ~~pursuant to section 476.67, subsection 11. The~~
28 ~~inclusion of costs in utility rates as provided in~~
29 ~~this subsection shall not continue after the costs~~
30 ~~arising from the approved energy conservation program~~
31 ~~have been recovered. The commission shall permit~~
32 recovery of reasonable actual costs of the program.
33 However, the recovery is limited to a maximum of one
34 quarter of one percent of the utility's gross revenue
35 each year.

36 Sec. 3. Section 476.61, subsection 9, Code
37 Supplement 1985, is amended to read as follows:

38 9. If after the conclusion of a pilot program the
39 commission finds that the program is an effective
40 method to improve energy conservation and is expected
41 to result in long-term savings in energy costs for the
42 utility's customers as a class, the commission may
43 adopt rules requiring all investor-owned, rate-
44 regulated public gas and electric utilities to make
45 investments in energy conservation improvements in
46 accordance with this section.

47 Sec. 4. Section 476.61, Code Supplement 1985, is
48 amended by adding the following new subsections:

49 NEW SUBSECTION. 10. In implementing this section,
50 the commerce commission shall adopt rules restricting

1 the operation of pilot programs by requiring that
 2 income guidelines shall be established for eligibility
 3 of a residential customer to participate in a pilot
 4 program. The guidelines shall include a maximum
 5 income of thirty thousand dollars per year for a
 6 customer in a residential unit with one individual
 7 residing in the unit and forty thousand dollars per
 8 year for a customer in a residential unit with more
 9 than one individual residing in the unit. To
 10 determine the customer's income, the annual adjusted
 11 gross income for all individuals who have filed a
 12 personal income tax return and reside in the residence
 13 shall be aggregated. As used in this subsection,
 14 "adjusted gross income" means as properly computed for
 15 federal income tax purposes under the Internal Revenue
 16 Code of 1954 as defined in section 422.3.

17 NEW SUBSECTION. 11. This section is repealed July
 18 1, 1988."

19 2. Title page, by striking lines 1 and 2 and
 20 inserting the following: "An Act relating to pilot
 21 programs for energy conservation improvements and
 22 providing an effective date."

H-5646 FILED APRIL 2, 1986 BY HUGHES of Union

W/O 4/4 (p. 1231)

H-5535

- A 1 Amend Senate File 2083 as amended, passed, and
- 5644 2 reprinted by the Senate, as follows:
- 3 1. Page 1, line 20, by striking the word "third"
- 4 and inserting the following: "first".
- B 5 2. Page 1, by inserting after line 21 the
- 6 following:
- 7 "Sec. ____ . The Iowa state commerce commission
- 8 shall conduct at least one public hearing prior to
- 9 December 31, 1986 to receive citizen input on the
- 10 extent of avoided long-term production and capital
- 5683, 5644 11 costs regarding energy conservation strategies."
- 12 3. Renumber as necessary.

BY COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

H-5535 FILED MARCH 25, 1986

A. Adopted 4/4 (p. 1231)
 B. Lost

SENATE FILE 2083

H-5644

1 Amend the amendment H-5535 to Senate File 2083 as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by inserting after line 2 the
5 following:

6 "_____. Page 1, by inserting before line 1 the
7 following:

8 "Sec. _____. Section 476.1, unnumbered paragraph 7,
9 Code 1985, is amended to read as follows:

10 The jurisdiction of the commission under this
11 chapter shall include programs designed to promote the
12 use of energy conservation strategies, which may
13 include direct loans, by rate or service-regulated gas
14 and electric utilities. These programs shall be cost
15 effective. The commission may initiate these programs
16 as pilot projects to accumulate sufficient data to
17 determine if the programs meet the requirements of
18 this paragraph.""

19 2. Page 1, by inserting after line 11 the
20 following:

21 "_____. Title page, by striking lines 1 and 2 and
22 inserting the following: "An Act relating to energy
23 conservation pilot programs and providing an effective
24 date.""

25 3. Renumber as necessary.

H-5644 FILED APRIL 2, 1986 BY HUGHES of Union

Ruled not germane 4/4 (p. 1229)

SENATE FILE 2083

H-5647

1 Amend Senate File 2083 as amended, passed and
2 reprinted by the Senate as follows:

3 1. Page 1, by inserting after line 21 the
4 following:

5 ⁵⁶⁷⁴ "Sec. _____. Notwithstanding the repeal of section
6 476.61, the Iowa state commerce commission shall file
7 with the governor and the general assembly a report on
8 the effects the pilot programs initiated under section
9 476.61 had on rates charged to customers of investor-
10 owned electric and natural gas utilities in Iowa. The
11 report shall indicate the level of investments in
12 energy conservation improvements made by the public
13 utilities pursuant to section 476.61. The report
14 shall be filed by January 1, 1987 rather than January
15 1, 1988."

16 2. Renumber as necessary.

H-5647 FILED APRIL 2, 1986 BY HUGHES of Union

Ruled 4/4 (p. 1232)

SENATE FILE 2083

H-5683

1 Amend amendment H-5535 to Senate File 2083 as
2 amended, passed, and reprinted by the Senate as
3 follows:

4 1. Page 1, by inserting after line 11 the
5 following:

6 "Investor owned public utilities shall submit to
7 the Iowa state commerce commission energy conservation
8 strategies at least thirty days prior to the first
9 scheduled hearing. The commission shall make
10 available to the public a summary of the utilities'
11 suggested strategies, as well as, proposed legislative
12 initiatives for energy conservation on or before the
13 day of the first public hearing."

H-5683 FILED APRIL 3, 1986 BY HATCH of Polk

Last 4/4 (p. 1230)

SENATE FILE 2083

H-5694

1 Amend H-5647 to Senate File 2083 as amended,
2 passed, and reprinted by the Senate as follows:

3 1. Page 1, by striking lines 13 through 15, and
4 inserting the following: "utilities pursuant to
5 section 476.61 and shall include all of the following:

6 1. The extent of avoidance of long-term costs
7 including, but not limited to, the elimination or
8 reduction of the necessity of building or expanding
9 electric power generating plants resulting from the
10 energy conservation pilot programs.

11 2. The reduction of operating expenses for
12 participating public utilities resulting from the
13 energy conservation pilot programs.

14 3. The potential impact on economic development in
15 the state due to the energy conservation pilot
16 programs.

17 The report shall be filed by January 1, 1987 rather
18 than January 1, 1988."

H-5694 FILED APRIL 4, 1986 BY HUGHES of Union

ADOPTED *(p. 1232)*

SENATE FILE 2083

Iowa, and in The Record-Herald & Indianola Tribune, a newspaper published in Indianola, Iowa.

AN ACT

REPEALING THE ENERGY CONSERVATION IMPROVEMENT PILOT PROGRAMS
AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 476.61, Code Supplement 1985, is repealed.

Sec. 2. A public utility which has initiated an energy conservation improvement pilot program under section 476.61 shall terminate the program and cease approving loans as quickly as possible consistent with good management practices and in a manner that minimizes costs to the utility's customers. Each utility shall file with the Iowa state commerce commission within thirty days of the effective date of this Act a plan for terminating any pilot project the utility is conducting under section 476.61. The termination plan shall include, but is not limited to, a proposed reconciliation of actual expenses incurred, including obligations, and revenues collected under section 476.61. Upon the commission's approval, the reconciliation shall be either a one-time adjustment or collected over a reasonable amount of time. The reconciliation amount shall not be separately identified on the customer's bill.

The collections charged pursuant to section 476.61 shall be terminated by commission order, no later than the first monthly billing cycle after the effective date of this Act.

Sec. 3. This Act, being deemed of immediate importance, takes effect from and after its publication in The Altoona Herald-Mitchellville Index, a newspaper published in Altoona,

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 2083, Seventy-first General Assembly.

Approved  1986

K. MARIE THAYER
Secretary of the Senate

TERRY E. BRANSTAD
Governor