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SENATE FILE 2370  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 2195)

Passed Senate, <sup>(P. 1406)</sup> Date 4/16/96  
Vote: Ayes 45 Nays 5

Passed House, Date 4-18-96 <sup>(P. 1760)</sup>  
Vote: Ayes 86 Nays 8

Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to energy efficiency programs, electric and gas  
2 public utility energy efficiency mandates, and the Iowa energy  
3 center and the center for global and regional environmental  
4 research.

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

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1 Section 1. Section 476.1, unnumbered paragraph 7, Code  
2 1995, is amended to read as follows:

3 The jurisdiction of the board under this chapter shall  
4 include programs efforts designed to promote the use of energy  
5 efficiency strategies by rate or service-regulated gas and  
6 electric utilities. ~~These programs shall be cost-effective.~~  
7 ~~The board may initiate these programs as pilot projects to~~  
8 ~~accumulate sufficient data to determine if the programs meet~~  
9 ~~the requirements of this paragraph.~~

10 Sec. 2. Section 476.1A, subsections 5 and 6, Code 1995,  
11 are amended to read as follows:

12 5. Assessment of fees for the support of the Iowa energy  
13 center created in section 266.39C and the center for global  
14 warming and regional environmental research established by the  
15 state board of regents.

16 6. Filing energy efficiency plans and energy efficiency  
17 results with the board. The energy efficiency plans as a  
18 whole shall be cost-effective. The board may permit these  
19 utilities to file joint plans.

20 Sec. 3. Section 476.1A, unnumbered paragraph 2, Code 1995,  
21 is amended to read as follows:

22 The board may waive all or part of the energy efficiency  
23 filing and review requirements for electric cooperative  
24 corporations and associations and electric public utilities  
25 which demonstrate superior results with existing energy  
26 efficiency programs efforts.

27 Sec. 4. Section 476.1B, subsection 1, paragraphs k and l,  
28 Code 1995, are amended to read as follows:

29 k. Assessment of fees for the support of the Iowa energy  
30 center created in section 266.39C and the ~~global-warming~~  
31 center for global and regional environmental research created  
32 by the state board of regents.

33 l. Filing energy efficiency plans and energy efficiency  
34 results with the board. The energy efficiency plans as a  
35 whole shall be cost-effective. The board may permit these

1 utilities to file joint plans.

2 Sec. 5. Section 476.1B, subsection 2, Code 1995, is  
3 amended to read as follows:

4 2. The board may waive all or part of the energy  
5 efficiency filing and review requirements for municipally  
6 owned utilities which demonstrate superior results with  
7 existing energy efficiency programs efforts.

8 Sec. 6. Section 476.1C, subsection 1, unnumbered paragraph  
9 2, Code 1995, is amended to read as follows:

10 Gas public utilities having fewer than two thousand  
11 customers shall be subject to the assessment of fees for the  
12 support of the Iowa energy center created in section 266.39C  
13 and the ~~global-warming~~ center for global and regional  
14 environmental research created by the state board of regents  
15 and shall file energy efficiency plans and energy efficiency  
16 results with the board. The energy efficiency plans as a  
17 whole shall be cost-effective. The board may waive all or  
18 part of the energy efficiency filing requirements if the gas  
19 utility demonstrates superior results with existing energy  
20 efficiency programs efforts.

21 Sec. 7. Section 476.2, subsections 5, 6, and 7, Code 1995,  
22 are amended by striking the subsections.

23 Sec. 8. Section 476.6, subsection 17, Code 1995, is  
24 amended by striking the subsection and inserting in lieu  
25 thereof the following:

26 17. ENERGY EFFICIENCY PLANS. Electric and gas public  
27 utilities shall offer energy efficiency programs to their  
28 customers through energy efficiency plans. An energy  
29 efficiency plan as a whole shall be cost-effective. Energy  
30 efficiency programs for qualified low-income persons and for  
31 tree planting programs need not be cost-effective and shall  
32 not be considered in determining cost-effectiveness of plans  
33 as a whole. The energy efficiency programs in the plans may  
34 be provided by the utility or by a contractor or agent of the  
35 utility.

1 Sec. 9. Section 476.6, subsection 19, paragraphs a through  
2 f, Code 1995, are amended by striking the paragraphs and  
3 inserting in lieu thereof the following:

4 a. Rate-regulated gas and electric utilities shall file  
5 energy efficiency plans with the board. An energy efficiency  
6 plan and budget shall include a range of programs, tailored to  
7 the needs of customers for energy efficiency opportunities.  
8 The plans shall include programs for qualified low-income  
9 persons.

10 b. An energy efficiency plan shall assess potential energy  
11 and capacity savings available from actual and projected  
12 customer usage by applying commercially available technology  
13 and improved operating practices to energy-using equipment and  
14 buildings. The plan shall include economically achievable  
15 programs designed to attain these potential energy and  
16 capacity savings.

17 c. The board shall conduct contested case proceedings for  
18 review of energy efficiency plans and budgets filed by rate-  
19 regulated gas or electric utilities. The board may approve,  
20 reject, or modify the plans and budgets. Notwithstanding the  
21 provisions of section 17A.19, subsection 5, in an application  
22 for judicial review of the board's decision concerning a  
23 utility's energy efficiency plan or budget, the reviewing  
24 court shall not order a stay. Whenever a request to modify an  
25 approved plan or budget is filed subsequently by the office of  
26 consumer advocate or a rate-regulated gas or electric utility,  
27 the board shall promptly initiate a formal proceeding if the  
28 board determines that any reasonable ground exists for  
29 investigating the request. The formal proceeding may be  
30 initiated at any time by the board on its own motion.  
31 Implementation of board approved plans or budgets shall be  
32 considered continuous in nature and shall be subject to  
33 investigation at any time by the board or the office of the  
34 consumer advocate.

35 d. Notice to customers of a contested case proceeding for

1 review of energy efficiency plans and budgets shall be in a  
2 manner prescribed by the board.

3 e. A gas or electric rate-regulated public utility may  
4 recover, through an automatic adjustment mechanism filed  
5 pursuant to subsection 11, over a period not to exceed the  
6 term of the plan, the costs of an energy efficiency plan  
7 approved by the board, including amounts for a plan approved  
8 prior to July 1, 1996, in a contested case proceeding  
9 conducted pursuant to paragraph "c". The board may  
10 periodically conduct a contested case proceeding to evaluate  
11 the reasonableness and prudence of the utility's  
12 implementation of an approved energy efficiency plan and  
13 budget. If a utility is not taking all reasonable actions to  
14 cost-effectively implement an approved energy efficiency plan,  
15 the board shall not allow the utility to recover from  
16 customers costs in excess of those costs that would be  
17 incurred under reasonable and prudent implementation. The  
18 utility shall not represent energy efficiency in customer  
19 billings as a separate cost or expense unless the board  
20 otherwise approves.

21 Sec. 10. Section 476.10A, Code 1995, is amended to read as  
22 follows:

23 476.10A FUNDING FOR IOWA ENERGY CENTER AND GLOBAL-WARMING  
24 CENTER FOR GLOBAL AND REGIONAL ENVIRONMENTAL RESEARCH.

25 The board shall direct all gas and electric utilities to  
26 remit to the treasurer of state one-tenth of one percent of  
27 the total gross operating revenues during the last calendar  
28 year derived from their intrastate public utility operations.  
29 The board shall by rule provide a schedule for remittances  
30 which shall require that the first remittance be made not  
31 before July 1, 1991. The amounts collected pursuant to this  
32 section shall be in addition to the amounts permitted to be  
33 assessed pursuant to section 476.10. The board shall allow  
34 inclusion of these amounts in the budgets approved by the  
35 board pursuant to section 476.6, subsection 19, paragraph "a".

1 Eighty-five percent of the remittances collected pursuant to  
2 this section is appropriated to the Iowa energy center created  
3 in section 266.39C. Fifteen percent of the remittances  
4 collected pursuant to this section is appropriated to the  
5 center for global warming and regional environmental research  
6 established by the state board of regents.

7 Notwithstanding section 8.33, any unexpended moneys  
8 remitted to the treasurer of state under this section shall be  
9 retained for the purposes designated. Notwithstanding section  
10 12C.7, subsection 2, interest or earnings on investments or  
11 time deposits of the moneys remitted under this section shall  
12 be retained and used for the purposes designated.

13 The Iowa energy center and the center for global and  
14 regional environmental research shall each provide a written  
15 annual report to the utilities board which describes each  
16 center's activities and the results that each center has  
17 accomplished. Each report shall include an explanation of  
18 initiatives and projects of importance to the state of Iowa.

19 Sec. 11. Section 476.78, Code 1995, is amended to read as  
20 follows:

21 476.78 CROSS-SUBSIDIZATION PROHIBITED.

22 A rate-regulated gas or electric public utility shall not  
23 directly or indirectly include any costs or expenses  
24 attributable to providing nonutility service in regulated  
25 rates or charges. Except for current terms of existing  
26 contractual obligations as exempted by the board, the utility  
27 or its affiliates shall not, in providing nonutility services,  
28 in any manner use the utility's name or logo, or any property,  
29 equipment, or facilities included as part of the utility's  
30 rate base, or any employees, other than corporate officers,  
31 including those of the utility's affiliates, whose salaries or  
32 benefits or both are included to any extent as expenses  
33 recoverable in a rate case proceeding.

34 Sec. 12. Section 476.83, Code 1995, is amended by striking  
35 the section and inserting in lieu thereof the following:

1. 476.83 COMPLAINTS.

2 Any person may file a written complaint with the board  
3 requesting that the board determine compliance by a rate-  
4 regulated gas or electric public utility with the provisions  
5 of section 476.78, 476.79, or 476.80, or any validly adopted  
6 rules to implement these sections. Upon the filing of a  
7 complaint, the board may promptly initiate a formal complaint  
8 proceeding and give notice of the proceeding and the  
9 opportunity for hearing. The formal complaint proceeding may  
10 be initiated at any time by the board on its own motion. The  
11 board shall render a decision in the proceeding within ninety  
12 days after the date the written complaint was filed, unless  
13 additional time is requested by the complainant.

14 Sec. 13. Section 476A.6, subsections 4 and 5, Code 1995,  
15 are amended by striking the subsections and inserting in lieu  
16 thereof the following:

17 4. The applicant, if a public utility as defined in  
18 section 476.1, has in effect an energy efficiency plan  
19 designed to reduce peak loads and to increase efficiency of  
20 use of energy, and the facility in the application is  
21 necessary notwithstanding the existence of the energy  
22 efficiency plan. As used in this subsection, "energy  
23 efficiency plan" includes at a minimum, cost-effective energy  
24 efficiency services and programs, including cost-effective  
25 load management and interruptible service programs.

26 5. The applicant, if a public utility as defined in  
27 section 476.1, shall demonstrate to the board that the utility  
28 has considered sources for long-term electric supply from  
29 either purchase of electricity or investment in facilities  
30 owned by other persons, including consideration of the  
31 following:

32 a. Wheeling agreements and other energy or capacity-  
33 sharing agreements, where cost-effective, with other sources  
34 that have available energy or capacity.

35 b. Establishment of renewable energy programs or purchase

1 of electricity from renewable energy suppliers.

2 Sec. 14. Section 476.65, Code 1995, is repealed.

3 EXPLANATION

4 This bill makes several changes regarding energy efficiency  
5 programs and requirements. It changes "energy efficiency  
6 programs" to "energy efficiency efforts", and requires that  
7 the energy efficiency plans submitted by rural electric  
8 cooperatives, municipal utilities, and certain gas utilities  
9 be cost-effective, as a whole, except for low-income programs  
10 and tree planting programs.

11 The bill strikes the requirement that an electric rate-  
12 regulated utility expend at least two percent and a gas rate-  
13 regulated utility expend at least one and one-half percent of  
14 gross operating revenues on implementation of the energy  
15 efficiency plan and budget, that the energy efficiency plan  
16 include specified programs and services, that a utility can be  
17 assessed a reward or a penalty based on energy efficiency  
18 performance, that a legislative interim committee be  
19 established in 1996 to review energy efficiency programs.

20 Instead, the bill requires that rate-regulated gas and  
21 electric utilities file an energy efficiency plan and budget  
22 with the board. The energy efficiency plan must include a  
23 range of programs tailored to the needs of the customer, and  
24 must include programs for low-income persons. The plan must  
25 assess potential energy and capacity savings by applying  
26 commercially available technology and improved operating  
27 practices to energy-using buildings and equipment and must  
28 include economically achievable programs designed to attain  
29 potential energy and capacity savings.

30 The bill allows a gas or electric rate-regulated utility to  
31 automatically adjust rates over the time period of the energy  
32 efficiency plan if the plan was approved by the Iowa utilities  
33 board in a contested case proceeding and the schedule showing  
34 the automatic adjustment of rates and charges is first filed  
35 with the board. The bill provides that if a utility is not

1 taking all reasonable actions to cost-effectively implement an  
2 approved energy efficiency plan, the board will not allow the  
3 recovery of costs in excess of those that would have been  
4 incurred under reasonable and prudent implementation. The  
5 bill provides that a utility cannot list energy efficiency as  
6 a separate cost or expense in customer billings unless the  
7 board otherwise approves.

8 The bill makes a name change for the global and regional  
9 environmental research center and requires the center and the  
10 Iowa energy center to provide an annual report to the Iowa  
11 utilities board describing the center's activities.

12 The bill strikes a requirement that a utility seeking a  
13 certificate allowing construction of a new generating plant  
14 have a comprehensive energy management program and instead  
15 requires that an energy efficiency plan be in effect in  
16 addition to the requirement that a utility consider sources  
17 for long-term electricity supply from either purchase of  
18 electricity or investment in facilities owned by another  
19 person. The bill requires that the utility consider wheeling  
20 agreements and other energy or capacity-sharing agreements and  
21 the establishment of an alternate energy program or the  
22 purchase of alternate energy.

23 The bill provides that a rate-regulated gas or electric  
24 public utility or an affiliate shall not use the name or logo,  
25 property, equipment, facilities, or employees of a utility if  
26 included in the utility's rate base, for purposes of providing  
27 nonutility services. In addition, the bill requires that if a  
28 person files a written complaint with the Iowa utility board  
29 relating to cross-subsidization, the board may promptly  
30 initiate a formal complaint proceeding and render a decision  
31 within 90 days.

32 Finally, the bill repeals section 476.65 relating to energy  
33 audits.

34

35

**SENATE FILE 2370  
REVISED  
FISCAL NOTE**

A fiscal note for Senate File 2370 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2370 makes several changes regarding energy efficiency programs and requirements. The Bill strikes the requirement utilities spend a specified percentage of gross operating revenues and instead requires rate-regulated gas and electric utilities file an energy efficiency plan and budget with the Iowa Utilities Board. The Bill allows gas or electric rate-regulated utilities to automatically adjust rates over the time of the approved plan to recover costs of the energy efficiency program.

**ASSUMPTIONS**

Fiscal year 1996 estimated expenditures for review of energy efficiency plans and cost recovery were used as a baseline to estimate the fiscal effect of Senate File 2370.

**FISCAL IMPACT**

The estimated net effect on the State General Fund of SF 2370 would be zero.

**Office of the Consumer Advocate**

	<u>FY 1997</u>	<u>FY 1998</u>
<b>REVENUES</b>		
General Fund	\$ 122,000	\$ 68,000
<b>EXPENSES</b>		
Salaries	\$ 41,000	\$ 41,000
Support	2,000	2,000
Capital Outlay	4,000	0
Consultant	75,000	25,000
Total Expenses	<u>\$ 122,000</u>	<u>\$ 68,000</u>
Net Effect	<u>\$ 0</u>	<u>\$ 0</u>

**Utilities Division**

	<u>FY 1997</u>	<u>FY 1998</u>
<b>REVENUES</b>		
General Fund	\$ 127,000	\$ 120,500
<b>EXPENSES</b>		
Salaries	\$ 35,000	\$ 35,000
Support	7,000	500

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-2-

Consultant	<u>85,000</u>	<u>85,000</u>
Total Expenses	<u>\$ 127,000</u>	<u>\$ 120,500</u>
Net Effect	<u>\$ 0</u>	<u>\$ 0</u>

SOURCES

Office of the Consumer Advocate  
Department of Commerce, Utilities Division

(LSB 4299sv.2, VMT)

FILED MARCH 12, 1996

BY DENNIS PROUTY, FISCAL DIRECTOR

**SENATE FILE 2370  
FISCAL NOTE**

A fiscal note for Senate File 2370 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2370 makes several changes regarding energy efficiency programs and requirements. The Bill strikes the requirement utilities spend a specified percentage of gross operating revenues and instead requires rate-regulated gas and electric utilities file an energy efficiency plan and budget with the Iowa Utilities Board. The Bill allows gas or electric rate-regulated utilities to automatically adjust rates over the time of the approved plan to recover costs of the energy efficiency program.

**ASSUMPTIONS**

Fiscal year 1996 estimated expenditures for review of energy efficiency plans and cost recovery were used as a baseline to estimate the fiscal effect of Senate File 2370.

**FISCAL IMPACT**

The estimated net effect on the State General Fund of SF 2370 would be zero.

	<u>FY 1997</u>	<u>FY 1998</u>
<b>REVENUES</b>		
General Fund	\$ 107,000	\$ 54,000
<b>EXPENSES</b>		
Salaries	\$ 28,000	\$ 28,000
Support	1,000	1,000
Capital Outlay	3,000	0
Consultant	75,000	25,000
Total Expenses	<u>\$ 107,000</u>	<u>\$ 54,000</u>
Net Effect	<u>\$ 0</u>	<u>\$ 0</u>

**SOURCE**

Office of the Consumer Advocate

(LSB 4299SV, VMT)

FILED MARCH 6, 1996

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 2370

S-5417

1 Amend Senate File 2370 as follows:  
2 1. Page 3, line 9, by inserting after the word  
3 "persons" the following: "including a cooperative  
4 program with any community action agency within the  
5 utility's service area to implement countywide or  
6 communitywide energy efficiency programs for qualified  
7 low-income persons".

By COMMITTEE ON NATURAL RESOURCES,  
ENVIRONMENT, AND ENERGY  
BILL FINK, Chairperson

*Adopted 3/28/96 (P. 1121)*

S-5417 FILED MARCH 19, 1996

SENATE FILE 2370

S-5183

1 Amend Senate File 2370 as follows:  
2 1. Page 3, by striking line 4 and inserting the  
3 following:  
4 "a. Gas and electric utilities required to be  
5 rate-regulated under this chapter shall file".  
6 2. Page 3, by striking lines 18 and 19 and  
7 inserting the following: "review of energy efficiency  
8 plans and budgets filed by gas and electric utilities  
9 required to be rate-regulated under this chapter. The  
10 board may approve,".  
11 3. Page 3, by striking line 26 and inserting the  
12 following: "consumer advocate or a gas or electric  
13 utility required to be rate-regulated under this  
14 chapter,".  
15 4. Page 4, by striking line 3 and inserting the  
16 following:  
17 "e. A gas or electric utility required to be rate-  
18 regulated under this chapter may".

By PATRICK J. DELUHERY  
MARY LUNDBY  
MICHAEL E. GRONSTAL

S-5183 FILED MARCH 5, 1996

*Adopted 3/28/96 (P. 1121)*

SENATE FILE 2370

S-5481

1 Amend Senate File 2370 as follows:  
2 1. Page 5, by inserting after line 33 the  
3 following:  
4 "Notwithstanding the provisions of this section to  
5 the contrary, customers with contracts in effect as of  
6 July 1, 1996, may continue to abide by and extend or  
7 renew those contracts at existing or new locations."

By MICHAEL E. GRONSTAL

S-5481 FILED MARCH 21, 1996

WITHDRAWN. (P. 1128)  
3/28/96

SENATE FILE 2370

S-5572

1 Amend Senate File 2370 as follows:

A 2 1. Page 3, line 10, by striking the words "An  
3 energy efficiency plan" and inserting the following:  
4 "The board".

5 2. Page 3, line 14, by inserting after the word  
6 "The" the following: "board shall determine for each  
7 utility, specific capacity and energy savings  
8 performance standards based on the board's assessment.  
9 The energy efficiency".

B 10 3. Page 3, line 16, by striking the word  
11 "savings" and inserting the following: "performance  
12 standards".

*A. Withdrawn 3/28/96 (P.1127)*  
*B. Adopted 3/28/96 (P.1128)* By MICHAEL E. GRONSTAL

S-5572 FILED MARCH 27, 1996

SENATE FILE 2370

S-5573

1 Amend Senate File 2370 as follows:

2 1. Page 3, line 7, by striking the word  
3 "customers" and inserting the following: "all  
4 customer classes, including residential, commercial,  
5 and industrial customers,".

By MICHAEL E. GRONSTAL

S-5573 FILED MARCH 27, 1996

*Adopted 3/28/96 (P.1121)*

SENATE FILE 2370

S-5765

1 Amend the amendment, S-5739, to Senate File 2370 as  
2 follows:

3 1. Page 1, by striking lines 11 through 13 and  
4 inserting the following: "the jurisdiction of the  
5 board and shall house those books, accounts, papers,  
6 and records of the utility deemed necessary by the  
7 board to be housed within the state. The utility".

By MARY LUNDBY

S-5765 FILED APRIL 15, 1996

*Adopted 4-16-96 (P.1405)*

## SENATE FILE 2370

S-5607

1 Amend Senate File 2370 as follows:  
 2 1. Page 2, by inserting after line 22 the  
 3 following:  
 4 "Sec. 100. NEW SECTION. 476.2A PRINCIPAL OFFICE.  
 5 Each rate-regulated gas and electric utility  
 6 operating within the state shall maintain the  
 7 utility's principal office for operations within the  
 8 state. The principal office shall be subject to the  
 9 jurisdiction of the board and shall house all of the  
 10 utility's books, accounts, papers, and records  
 11 required to be maintained by the board. The utility  
 12 shall maintain within the state administrative,  
 13 technical, and operating personnel necessary for the  
 14 delivery of safe and reasonably adequate services and  
 15 facilities as required pursuant to section 476.8."  
 16 2. Page 7, by inserting after line 2 the  
 17 following:  
 18 "Sec. \_\_\_\_ . EFFECTIVE DATE. Section 100 of this  
 19 Act, being deemed of immediate importance, takes  
 20 effect upon enactment."  
 21 3. Title page, line 4, by inserting after the  
 22 word "research" the following: "and requiring the  
 23 location of a principal office within the state and  
 24 providing an effective date".

By MARY LUNDBY  
 WALLY E. HORN  
 ANDY MCKEAN

S-5607 FILED MARCH 28, 1996

WITHDRAWN

(P. 1128)

## SENATE FILE 2370

S-5603

1 Amend the amendment, S-5579, to Senate File 2370 as  
 2 follows:  
 3 1. Page 1, line 10, by striking the words "for  
 4 contracts existing" and inserting the following: "in  
 5 communities in which existing contracts are in  
 6 effect".

By JOHN P. KIBBIE  
 DENNIS H. BLACK  
 JOHN W. JENSEN  
 STEWART IVERSON, JR.

ALBERT G. SORENSEN  
 BERL E. PRIEBE  
 MARY LOU FREEMAN  
 DERRYL MCLAREN

S-5603 FILED MARCH 28, 1996

LOST

(P. 1127)

## SENATE FILE 2370

S-5605

1 Amend Senate File 2370 as follows:

2 1. Page 5, by inserting after line 18 the  
3 following:

4 "Sec. \_\_\_\_ . Section 476.23, subsection 1, Code  
5 1995, is amended to read as follows:

6 1. An electric utility shall not construct or  
7 extend facilities or furnish or offer to furnish  
8 electric service to the existing point of delivery of  
9 any customer already receiving electric service from  
10 another electric utility without having first filed  
11 with the board the express written agreement of the  
12 electric utility presently serving this customer,  
13 except as otherwise provided in this section. Any  
14 municipal corporation, after being authorized by a  
15 vote of the people, or any electric utility may file a  
16 petition with the board requesting a certificate of  
17 authority to furnish electric service to the existing  
18 point of delivery of any customer already receiving  
19 electric service from another electric utility. If,  
20 after notice by the board to the electric utility  
21 currently serving the customer, objection to the  
22 petition is not filed and investigation is not deemed  
23 necessary, the board shall issue a certificate within  
24 thirty days of the filing of the petition. When an  
25 objection is filed, if the board, after notice and  
26 opportunity for hearing, determines that service to  
27 the customer by the petitioner is in the public  
28 interest, including consideration of any unnecessary  
29 duplication of facilities, ~~it~~ the board shall grant  
30 this certificate in whole or in part, upon such terms,  
31 conditions, and restrictions as may be justified.  
32 Whether or not an objection is filed, any certificate  
33 issued shall require that the petitioner pay to the  
34 electric utility presently serving the customer, the  
35 reasonable price for facilities serving the customer.  
36 ~~This price determination by the board shall include~~  
37 ~~due consideration of the cost of the facilities being~~  
38 ~~acquired, any necessary generating capacity and~~  
39 ~~transmission capacity dedicated to the customer,~~  
40 ~~depreciation, loss of revenue, and the cost of~~  
41 ~~facilities necessary to reintegrate the system of the~~  
42 ~~utility after detaching the portion sold. For~~  
43 purposes of this section "reasonable price" means  
44 original cost less depreciation of the facilities  
45 being acquired."

46 2. Title page, line 4, by inserting after the  
47 word "research" the following: "and relating to  
48 electric service areas".

49 3. By renumbering as necessary.

By ROD HALVORSON

S-5605 FILED MARCH 28, 1996  
RULED OUT OF ORDER

(p. 1128)

## SENATE FILE 2370

S-5611

- 1 Amend Senate File 2370 as follows:  
2 1. Page 2, by inserting after line 22 the  
3 following:  
4 "Sec. 100. NEW SECTION. 476.2A PRINCIPAL OFFICE.  
5 Each rate-regulated gas and electric utility  
6 operating within the state shall maintain the  
7 utility's principal office for operations within the  
8 state. The principal office shall be subject to the  
9 jurisdiction of the board and shall house all of the  
10 utility's books, accounts, papers, and records  
11 required to be maintained by the board. The utility  
12 shall maintain within the state administrative,  
13 technical, and operating personnel necessary for the  
14 delivery of safe and reasonably adequate services and  
15 facilities as required pursuant to section 476.8."  
16 2. Page 7, by inserting after line 2 the  
17 following:  
18 "Sec. \_\_\_\_ . EFFECTIVE DATE. Section 100 of this  
19 Act, being deemed of immediate importance, takes  
20 effect upon enactment."  
21 3. Title page, line 4, by inserting after the  
22 word "research" the following: "and requiring the  
23 location of a principal office within the state and  
24 providing an effective date".

By MARY LUNDBY  
ANDY McKEAN  
ROBERT E. DVORSKY

S-5611 FILED MARCH 28, 1996  
RULED OUT OR ORDER

(P. 1128)

## SENATE FILE 2370

S-5669

- 1 Amend Senate File 2370 as follows:  
2 1. By striking page 6, line 14, through page 7,  
3 line 1.  
4 2. By renumbering as necessary.

By ROBERT DVORSKY

S-5669 FILED APRIL 3, 1996

Not 4-16-96 (P. 1406)

## SENATE FILE 2370

S-5612

1 Amend Senate File 2370 as follows:

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

4 "Section 1. Section 28F.1, Code 1995, is amended  
5 by striking the section and inserting in lieu thereof  
6 the following:

7 28F.1 SCOPE OF CHAPTER.

8 This chapter provides a means to reduce the cost of  
9 local government by assisting public agencies in the  
10 undertaking of joint financing and is intended to  
11 provide specific state legislation consistent with  
12 criteria established by regulations and rulings of the  
13 commissioner of internal revenue, United States  
14 department of treasury, in order for a separate joint  
15 financing entity to be treated as a constituted  
16 authority empowered to issue obligations on behalf of  
17 political subdivisions of this state. This chapter  
18 provides a means for the joint financing by public  
19 agencies of works or facilities which are part of any  
20 city enterprise as defined in section 384.24, county  
21 enterprise as defined in section 331.461, city utility  
22 as defined in section 362.2, joint water utility as  
23 defined in section 389.1, or sanitary district as  
24 defined in chapter 358. This chapter applies to the  
25 acquisition, construction, reconstruction, ownership,  
26 operation, repair, extension, or improvement of the  
27 works or facilities, by a separate administrative or  
28 legal entity created pursuant to chapter 28E or  
29 chapter 389. When the legal entity created under this  
30 chapter is comprised solely of cities, counties, or  
31 sanitary districts established under chapter 358 or  
32 any combination of these political subdivisions, or  
33 any combination of the public agencies previously  
34 specified in this section with other public agencies,  
35 the entity shall be both a corporation and a political  
36 subdivision with the name under which it was  
37 organized. The legal entity may sue and be sued,  
38 contract, acquire and hold real and personal property  
39 necessary for corporate purposes, adopt a corporate  
40 seal and alter the seal at pleasure, and execute all  
41 powers conferred by this chapter.

42 Sec. 2. Section 28F.2, Code 1995, is amended to  
43 read as follows:

44 28F.2 DEFINITIONS.

45 The terms "public agency", "state", and "private  
46 agency" shall have the meanings prescribed by section  
47 28E.2. The term "project" or "projects" shall mean  
48 any works or facilities referred to in section 28F.1  
49 and shall include all property real and personal,  
50 pertinent thereto or connected with such project or

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1 projects, and the existing works or facilities, if  
2 any, to which such project or projects are an  
3 extension, addition, betterment, or improvement.  
4 "Electric-power-agency"-means-an-entity-financing-or  
5 acquiring-electric-power-facilities-pursuant-to-this  
6 chapter-or-chapter-28E.

7 Sec. 3. Section 28F.7, unnumbered paragraph 2,  
8 Code 1995, is amended by striking the paragraph."

9 2. Title page, line 4, by inserting after the  
10 word "research" the following: "and allowing for  
11 joint financing for municipal utilities".

12 3. By renumbering as necessary.

By ROD HALVORSON

S-5612 FILED MARCH 28, 1996  
WITHDRAWN

(P. 1128)

## SENATE FILE 2370

S-5617

1 Amend Senate File 2370 as follows:

2 1. Page 4, line 9, by striking the word "may" and  
3 inserting the following: "shall".

4 2. Page 4, line 17, by inserting after the word  
5 "implementation" the following: "and shall not allow  
6 the utility to recover future costs at a level other  
7 than what the board determines to be reasonable and  
8 prudent. If the result of a contested case proceeding  
9 is a judgment against a utility, that utility's future  
10 level of cost recovery shall be reduced by the amount  
11 by which the programs were found to be imprudently  
12 conducted".

By MICHAEL E. GRONSTAL

S-5617 FILED APRIL 1, 1996

*Adopted 4-16-96*  
*(P. 1406)*

## SENATE FILE 2370

S-5579

1 Amend Senate File 2370 as follows:

2 1. Page 3, line 9, by inserting after the word  
3 "persons." the following: "Rate-regulated gas and  
4 electric utilities shall utilize Iowa agencies and  
5 Iowa contractors to the maximum extent cost-effective  
6 in their energy efficiency plans filed with the  
7 board."

8 2. Page 5, by striking lines 25 through 33 and  
9 inserting the following: "rates or charges. Except  
10 for contracts existing as of July 1, 1996, a rate-  
11 regulated gas or electric public utility or its  
12 affiliates shall not use vehicles, service tools and  
13 instruments, or employees, the costs, salaries, or  
14 benefits of which are recoverable in the regulated  
15 rates for electric service or gas service to install,  
16 service, or repair residential or commercial gas or  
17 electric heating, ventilating, or air conditioning  
18 systems, or interior lighting systems and fixtures; or  
19 to sell at retail heating, ventilating, air  
20 conditioning, or interior lighting equipment. For the  
21 purpose of this section, "commercial" means a place of  
22 business primarily used for the storage or sale, at  
23 wholesale or retail, of goods, wares, services, or  
24 merchandise. Nothing in this section shall be  
25 construed to prohibit a rate-regulated gas or electric  
26 public utility from using its utility vehicles,  
27 service tools and instruments, and employees to market  
28 systems, services, and equipment, to light pilots, or  
29 to eliminate a customer emergency or threat to public  
30 safety."

By PATRICK J. DELUHERY  
DONALD B. REDFERN  
MICHAEL E. GRONSTAL  
TONY BISIGNANO  
JOANN DOUGLAS  
TOM FLYNN  
MERLIN E. BARTZ

MARY LOU FREEMAN  
MARY A. LUNDBY  
WILLIAM D. PALMER  
EMIL J. HUSAK  
STEVEN D. HANSEN  
DON GETTINGS

S-5579 FILED MARCH 27, 1996

*Adopted*

3/28/96 (P.1127)

## SENATE FILE 2370

S-5608

1 Amend Senate File 2370 as follows:

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

4 "Section 1. Section 422.51, Code 1995, is amended  
5 by adding the following new subsection:

6 NEW SUBSECTION. 5. The taxes remitted pursuant to  
7 this division shall be reduced by an alternate energy  
8 purchase tax credit. An electric utility which has  
9 purchased electricity from an alternate energy  
10 production facility or small hydro facility pursuant  
11 to section 476.43 shall be granted the credit. The  
12 credit shall equal the difference between the  
13 competitively bid rate per kilowatt hour that the  
14 utility paid for purchase of the electricity and the  
15 rate which is equivalent to the utility's total annual  
16 average cost per kilowatt hour of electricity for the  
17 year prior to the year in which the utility entered  
18 into the contract for purchase of the alternate  
19 energy. A utility's total annual average cost per  
20 kilowatt hour shall be calculated by dividing annual  
21 operating expenses by the total annual number of  
22 kilowatt hours sold. This difference shall be used to  
23 determine the alternate energy purchase tax credit for  
24 the remainder of the term of the contract. The tax  
25 credit shall not be less than zero."

26 2. Page 1, by inserting after line 19 the  
27 following:

28 "Sec. \_\_\_\_ . Section 476.1A, Code 1995, is amended  
29 by adding the following new subsection:

30 NEW SUBSECTION. 7. Encouragement of alternate  
31 energy production and the purchase of alternate  
32 energy."

33 3. Page 1, by inserting after line 26 the  
34 following:

35 "Sec. \_\_\_\_ . Section 476.1A, unnumbered paragraph 3,  
36 Code 1995, is amended to read as follows:

37 However, sections 476.20, 476.21, ~~476.41~~ through  
38 ~~476.44~~, 476.51, 476.56, 476.62, and 476.66 and  
39 chapters 476A and 478, to the extent applicable, apply  
40 to such electric utilities.

41 Sec. \_\_\_\_ . Section 476.1B, subsection 1, paragraph  
42 g, Code 1995, is amended by striking the paragraph and  
43 inserting in lieu thereof the following:

44 g. Encouragement of alternate energy production  
45 and the purchase of alternate energy."

46 4. Page 4, by inserting after line 20 the  
47 following:

48 "Sec. \_\_\_\_ . Section 476.6, Code 1995, is amended by  
49 adding the following new subsection:

50 NEW SUBSECTION. 22. ALTERNATE ENERGY PROMOTIONAL

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1 RATES. The board shall require that electric  
2 utilities offer to their customers the opportunity to  
3 pay, on a voluntary basis, an alternate energy  
4 promotional rate. This rate shall exceed the rate for  
5 electricity otherwise payable and shall be designed  
6 and encouraged by the electric utility to maximize  
7 voluntary financial support for alternate energy  
8 production. The alternate energy promotional rate  
9 shall be filed as a tariff with the board pursuant to  
10 section 476.4. Retaining only amounts approved by the  
11 board for its administrative and marketing costs, the  
12 electric utility shall remit that portion of the  
13 electric rate attributable to the alternate energy  
14 promotional rate to the state treasurer to be  
15 allocated to the general fund of the state to offset  
16 the cost of the alternate energy purchase tax credit  
17 under section 422.51."

18 5. Page 5, by inserting after line 18 the  
19 following:

20 "Sec. \_\_\_\_\_. Section 476.42, subsection 1, paragraph  
21 a, Code 1995, is amended to read as follows:

22 a. A solar, wind turbine, waste-management,  
23 resource methane recovery, refuse-derived-fuel,  
24 agricultural crops or residues, or woodburning  
25 facility.

26 Sec. \_\_\_\_\_. Section 476.42, subsection 3, Code 1995,  
27 is amended by striking the subsection.

28 Sec. \_\_\_\_\_. Section 476.42, subsection 4, paragraph  
29 a, Code 1995, is amended to read as follows:

30 a. A hydroelectric facility at a dam located  
31 within this state.

32 Sec. \_\_\_\_\_. Section 476.42, Code 1995, is amended by  
33 adding the following new subsection:

34 NEW SUBSECTION. 5. "Alternate energy" means  
35 electricity derived from hydro, solar, wind, methane  
36 recovery, agricultural crops or residues, or  
37 woodburning energy.

38 Sec. \_\_\_\_\_. Section 476.43, subsection 1, Code 1995,  
39 is amended to read as follows:

40 1. Subject to section 476.44, the board shall  
41 require electric utilities to enter into long-term  
42 contracts to do the following:

43 a. Purchase or wheel electricity from alternate  
44 energy production facilities or small hydro facilities  
45 ~~located in the utility's service area~~ under the terms  
46 and conditions that the board finds are just and  
47 economically reasonable to the electric utilities'  
48 ratepayers, are nondiscriminatory to alternate energy  
49 producers and small hydro producers and will further  
50 the policy stated in section 476.41.

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1 b. Provide for the availability of supplemental or  
2 backup power to alternate energy production facilities  
3 or small hydro facilities on a nondiscriminatory basis  
4 and at just and reasonable rates.

5 c. If the parties fail to agree on the terms of a  
6 contract required pursuant to this section, a party  
7 may request that the board intervene. The board shall  
8 have sixty days from the date of the intervention  
9 request to render a decision on the contract.

10 Sec. \_\_\_\_ . Section 476.43, subsections 2, 3, and 4,  
11 Code 1995, are amended by striking the subsections and  
12 inserting in lieu thereof the following:

13 2. The board shall establish a uniform competitive  
14 bidding process so that an electric utility shall  
15 acquire alternate energy at a just and economically  
16 based market rate. An alternate energy contract shall  
17 require that the utility pay the competitive bid rate  
18 to the facility during the contract term. The  
19 kilowatt per hour competitive bid rate shall not be  
20 less than the annual average rate of off-peak kilowatt  
21 per hour rates and peak kilowatt per hour rates at  
22 which an electric utility would have had to purchase  
23 the power. An electric utility may produce its own  
24 alternate energy by constructing and operating an  
25 alternate energy production facility or small hydro  
26 facility if the facility is constructed and operated  
27 as a separate affiliate entity. However, the electric  
28 utility shall participate in the competitive bidding  
29 process using a third-party evaluator. A bid from an  
30 electric utility producing its own alternate energy  
31 shall not take into account regulated industry-based  
32 factors including, but not limited to, eminent domain  
33 and transmission ownership in order to produce a lower  
34 cost bid.

35 3. Notwithstanding section 476.51, an electric  
36 utility which fails to comply with the requirements of  
37 subsection 1 or which obstructs the policy of this  
38 state as stated in section 476.41 shall be subject to  
39 a civil penalty, levied by the board, in an amount  
40 that is equivalent to three times the total project  
41 capital cost of the lowest bid filed with the board to  
42 comply with the requirements of subsection 1. Civil  
43 penalties collected under this subsection shall be  
44 forwarded to the treasurer of state to be credited to  
45 the Iowa energy center. Any moneys allocated to the  
46 Iowa energy center pursuant to this subsection shall  
47 be used solely for providing grants to nonprofit  
48 agencies for alternate energy production. These  
49 penalties shall be excluded from the electric  
50 utility's costs when determining the electric

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1 utility's revenue requirement, and shall not be  
2 included either directly or indirectly in the electric  
3 utility's rates or charges to customers.  
4 4. Notwithstanding subsection 2, alternate energy  
5 produced by recovery of methane at a sanitary landfill  
6 shall be purchased at the rate existing as of January  
7 1, 1996.

8 Sec. \_\_\_\_ . Section 476.43, Code 1995, is amended by  
9 adding the following new subsection:

10 NEW SUBSECTION. 7. An electric utility purchasing  
11 alternate energy pursuant to this section shall be  
12 entitled to an alternate energy purchase tax credit.  
13 The electric utility shall reflect the tax credit  
14 received by the utility in the utility's automatic  
15 adjustment pursuant to section 476.6, subsection 11.  
16 The credit shall be equal to the difference between  
17 the kilowatt hour rate established through the  
18 competitive bidding process and the rate that is  
19 equivalent to the utility's total annual average cost  
20 per kilowatt hour of electricity for the year prior to  
21 the year in which the utility entered into the  
22 contract for purchase of the alternate energy as  
23 determined under section 422.51, subsection 5.

24 Sec. \_\_\_\_ . Section 476.44, subsection 1, Code 1995,  
25 is amended by striking the subsection.

26 Sec. \_\_\_\_ . Section 476.44, subsection 2, Code 1995,  
27 is amended to read as follows:

28 2. a. An electric utility subject to this  
29 division, except a utility which elects rate  
30 regulation pursuant to section 476.1A, shall not be  
31 required to purchase ~~at any one time, more than~~ its  
32 share of one two hundred five ten megawatts of power  
33 from alternative energy production facilities or small  
34 hydro facilities ~~at the rates in accordance with the~~  
35 competitive bidding process established pursuant to  
36 section 476.43 and pursuant to timelines established  
37 under paragraph "c". For purposes of this section,  
38 "megawatt" shall be determined in accordance with a  
39 utility's average capacity. "Average capacity" means  
40 a utility's total output over a year divided by the  
41 number of hours in the year. The board shall allocate  
42 the one two hundred five ten megawatts based upon each  
43 utility's percentage of the total Iowa retail peak  
44 demand, for the year beginning January 1, 1990, of all  
45 utilities subject to this section. If a utility  
46 undergoes reorganization as defined in section 476.76,  
47 the board shall combine the allocated purchases of  
48 power for each utility involved in the reorganization.  
49 Notwithstanding the one two hundred five ten  
50 megawatt maximum, the board may increase the amount of

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1 power that a utility is required to purchase ~~at the~~  
2 ~~rates established pursuant to section 476.43~~ if the  
3 board finds that a utility, including a reorganized  
4 utility, exceeds its 1990 Iowa retail peak demand by  
5 twenty percent and the additional power the utility is  
6 required to purchase will encourage the development of  
7 alternate energy production facilities and small hydro  
8 facilities. The increase shall not exceed the  
9 utility's increase in peak demand multiplied by the  
10 ratio of the utility's share of the ~~one~~ two hundred  
11 ~~five~~ ten megawatt maximum to its 1990 Iowa retail peak  
12 demand.

13 b. Of that portion of alternate energy required to  
14 be purchased by a utility under this section, eighty-  
15 five percent shall be purchased from alternate energy  
16 production facilities or small hydro facilities  
17 generating electricity with current and viable  
18 technologies and fifteen percent shall be purchased  
19 from alternate energy production facilities generating  
20 electricity from new technologies. The board shall  
21 provide for a minimum of thirty percent of the eighty-  
22 five percent required purchase of alternate energy  
23 under this paragraph to be purchased from small hydro  
24 facilities. Of the eighty-five percent, thirty  
25 percent shall be purchased in accordance with the  
26 following:

27 (1) At least ten percent shall be from dedicated  
28 energy crops grown within the state, fifty percent of  
29 which shall be from projects of five hundred kilowatts  
30 or less.

31 (2) At least ten percent shall be from  
32 agricultural wastes produced from agricultural crops  
33 grown within the state, fifty percent of which shall  
34 be from projects of five hundred kilowatts or less.

35 (3) At least ten percent shall be from small scale  
36 wind generation projects located within the state of  
37 two hundred fifty kilowatts or less.

38 c. By December 31, 1997, the board shall require  
39 an electric utility to enter into contracts for the  
40 purchase of the utility's allotted share of eighty-  
41 nine megawatts of electricity generated from alternate  
42 energy production facilities, and by July 1, 1999, the  
43 board shall require the utility to enter into  
44 contracts for the purchase of the utility's allotted  
45 share of an additional one hundred five megawatts.  
46 For purposes of this section, new technologies include  
47 only those technologies that use nonfossil fuel to  
48 derive renewable energy."

49 6. Page 7, by inserting after line 2 the  
50 following:

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1 "Sec. \_\_\_\_ . APPLICABILITY TO EXISTING CONTRACTS.  
2 The provisions of this Act relating to alternate  
3 energy shall not affect the terms and conditions of  
4 any contract between an alternate energy production  
5 facility or small hydro facility and an electric  
6 utility that was entered into pursuant to sections  
7 476.43 and 476.44 for purchase of alternate energy if  
8 the contract was entered into prior to the effective  
9 date of this Act. In addition, this Act shall not  
10 affect potential contracts between alternate energy  
11 production facilities and electric utilities if a  
12 petition relating to the potential contracts has been  
13 filed by January 1, 1996, and an action is currently  
14 pending before the Iowa utilities board. For purposes  
15 of the pending actions, the Iowa utilities board shall  
16 not take into account the changes contained in this  
17 Act.

18 Sec. \_\_\_\_ . It is the intent of the general assembly  
19 that persons who have proceeded in good faith under  
20 the terms and conditions of sections 476.43 and  
21 476.44, prior to their amendment by this Act, not  
22 suffer economic loss as a result of this Act. These  
23 persons shall be reimbursed by the utilities for their  
24 reasonable good faith development costs as determined  
25 by the Iowa utilities board."

26 7. Title page, line 1; by inserting after the  
27 word "efficiency" the following: "and alternate  
28 energy".

29 8. Title page, line 4, by inserting after the  
30 word "research" the following: "and providing an  
31 applicability provision".

32 9. By renumbering as necessary.

By BILL FINK

MARY LOU FREEMAN

MARY A. LUNDBY

RODNEY HALVORSON

BERL E. PRIEBE

ROBERT E. DVORSKY

MIKE CONNOLLY

ALLEN BORLAUG

S-5608 FILED MARCH 28, 1996  
RULED OUT OF ORDER

(p. 1128)

## SENATE FILE 2370

S-5735

- 1 Amend Senate File 2370 as follows:  
2 1. Page 5, by inserting after line 18 the  
3 following:  
4 "Sec. \_\_\_\_ . Section 476.43, Code 1995, is amended  
5 by adding the following new subsection:  
6 NEW SUBSECTION. 7. The board shall require that  
7 an electric utility enter into a long-term contract  
8 pursuant to this section and section 476.44, by  
9 January 1, 1997. An electric utility that fails to  
10 comply with the contract requirements of this section  
11 shall be subject to a civil penalty under section  
12 476.51."  
13 2. By renumbering as necessary.

WITHDRAWN 4/16/96 (P. 1406) By BILL FINK

S-5735 FILED APRIL 11, 1996

## SENATE FILE 2370

S-5724

- 1 Amend Senate File 2370 as follows:  
2 1. Page 2, by inserting after line 22 the  
3 following:  
4 "Sec. 100. NEW SECTION. 476.2A PRINCIPAL OFFICE.  
5 Each rate-regulated gas and electric utility  
6 operating within the state shall maintain within the  
7 state the utility's principal office for Iowa  
8 operations. The principal office shall be subject to  
9 the jurisdiction of the board and shall house all of  
10 the utility's books, accounts, papers, and records  
11 required to be maintained by the board. The utility  
12 shall maintain within the state administrative,  
13 technical, and operating personnel necessary for the  
14 delivery of safe and reasonably adequate services and  
15 facilities as required pursuant to section 476.8. A  
16 public utility which violates this section shall be  
17 subject to the penalties provided in section 476.51  
18 and shall be denied authority to recover, for a period  
19 determined by the board, the costs of an energy  
20 efficiency plan pursuant to section 476.6, subsection  
21 11."  
22 2. Page 7, by inserting after line 2 the  
23 following:  
24 "Sec. \_\_\_\_ . EFFECTIVE DATE. Section 100 of this  
25 Act, being deemed of immediate importance, takes  
26 effect upon enactment."  
27 3. Title page, line 4, by inserting after the  
28 word "research" the following: "and requiring the  
29 location of a principal office within the state and  
30 providing an effective date".

By MICHAEL E. GRONSTAL  
TOM FLYNN  
PATRICK J. DELUHERY

WITHDRAWN

4-16-96 (P. 1406)

S-5724 FILED APRIL 11, 1996  
DEFERRED

## SENATE FILE 2370

S-5730

1 Amend Senate File 2370 as follows:

2 1. Page 2, line 29, by inserting after the word  
3 "cost-effective." the following: "In determining the  
4 cost-effectiveness of an energy efficiency program,  
5 the board shall utilize the societal test, utility  
6 cost test, rate-payer impact test, and participant  
7 test."

8 2. Page 2, by inserting after line 35 the  
9 following:

10 "For purposes of this section, "societal test"  
11 means an economic test comparing the present value of  
12 benefits to the present value of costs, over the  
13 useful life of an energy efficiency program from a  
14 societal perspective, including the effects of any  
15 applicable externalities."

**WITHDRAWN** 4/16/96 (P. 1406) By MICHAEL E. GRONSTAL

S-5730 FILED APRIL 11, 1996

## SENATE FILE 2370

S-5731

1 Amend Senate File 2370 as follows:

2 1. Page 7, by inserting after line 2 the  
3 following:

4 "Sec. \_\_\_\_ . It is the intent of the general  
5 assembly that a renewable energy supplier who has  
6 proceeded in good faith under the terms and conditions  
7 of sections 476.43 and 476.44 not suffer economic loss  
8 as a result of action or inaction taken by the state.  
9 These persons shall be reimbursed by the utilities for  
10 their reasonable good faith development costs as  
11 determined by the Iowa utilities board. A renewable  
12 energy supplier shall be deemed to have proceeded in  
13 good faith if the supplier has filed a petition by  
14 January 1, 1996, which requests enforcement of the  
15 provisions of sections 476.43 and 476.44 by requiring  
16 an electric utility to enter into a potential contract  
17 with the renewable energy supplier and an action is  
18 currently pending before the Iowa utilities board."

19 2. By renumbering as necessary.

By BILL FINK

S-5731 FILED APRIL 11, 1996

**WITHDRAWN**

4.16-96

(P. 1406)

## SENATE FILE 2370

S-5751

1 Amend Senate File 2370 as follows:

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

4 "Sec. \_\_\_\_\_. Section 476.1A, Code 1995, is amended  
5 by adding the following new subsection:

6 NEW SUBSECTION. 7. Encouragement of alternate  
7 energy production and the purchase of alternate  
8 energy."

9 2. Page 1, by inserting after line 26 the  
10 following:

11 "Sec. \_\_\_\_\_. Section 476.1A, unnumbered paragraph 3,  
12 Code 1995, is amended to read as follows:

13 However, sections 476.20, 476.21, ~~476.41 through~~  
14 ~~476.44~~, 476.51, 476.56, 476.62, and 476.66 and  
15 chapters 476A and 478, to the extent applicable, apply  
16 to such electric utilities.

17 Sec. \_\_\_\_\_. Section 476.1B, subsection 1, paragraph  
18 g, Code 1995, is amended by striking the paragraph and  
19 inserting in lieu thereof the following:

20 g. Encouragement of alternate energy production  
21 and the purchase of alternate energy."

22 3. Page 4, by inserting after line 20 the  
23 following:

24 "Sec. \_\_\_\_\_. Section 476.6, Code 1995, is amended by  
25 adding the following new subsection:

26 NEW SUBSECTION. 22. ALTERNATE ENERGY PROMOTIONAL  
27 RATES. The board shall require that electric  
28 utilities offer to their customers the opportunity to  
29 pay, on a voluntary basis, an alternate energy  
30 promotional rate. This rate shall exceed the rate for  
31 electricity otherwise payable and shall be designed  
32 and encouraged by the electric utility to maximize  
33 voluntary financial support for alternate energy  
34 production. The alternate energy promotional rate  
35 shall be filed as a tariff with the board pursuant to  
36 section 476.4. Retaining only amounts approved by the  
37 board for its administrative and marketing costs, the  
38 electric utility shall remit that portion of the  
39 electric rate attributable to the alternate energy  
40 promotional rate to the state treasurer to be  
41 allocated to the general fund of the state."

42 4. Page 5, by inserting after line 18 the  
43 following:

44 "Sec. \_\_\_\_\_. Section 476.42, subsection 1, paragraph  
45 a, Code 1995, is amended to read as follows:

46 a. A solar, wind turbine, waste-management,  
47 resource methane recovery, refuse-derived-fuel,  
48 agricultural crops or residues, or woodburning  
49 facility.

50 Sec. \_\_\_\_\_. Section 476.42, subsection 3, Code 1995,

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1 is amended by striking the subsection.

2 Sec. \_\_\_\_ . Section 476.42, subsection 4, paragraph  
3 a, Code 1995, is amended to read as follows:

4 a. A hydroelectric facility at a dam located  
5 within this state.

6 Sec. \_\_\_\_ . Section 476.42, Code 1995, is amended by  
7 adding the following new subsection:

8 NEW SUBSECTION. 5. "Alternate energy" means  
9 electricity derived from hydro, solar, wind, methane  
10 recovery, agricultural crops or residues, or  
11 woodburning energy.

12 Sec. \_\_\_\_ . Section 476.43, subsection 1, Code 1995,  
13 is amended to read as follows:

14 1. Subject to section 476.44, the board shall  
15 require electric utilities to enter into long-term  
16 contracts to do the following:

17 a. Purchase or wheel electricity from alternate  
18 energy production facilities or small hydro facilities  
19 ~~located in the utility's service area~~ under the terms  
20 and conditions that the board finds are just and  
21 economically reasonable to the electric utilities'  
22 ratepayers, are nondiscriminatory to alternate energy  
23 producers and small hydro producers and will further  
24 the policy stated in section 476.41.

25 b. Provide for the availability of supplemental or  
26 backup power to alternate energy production facilities  
27 or small hydro facilities on a nondiscriminatory basis  
28 and at just and reasonable rates.

29 c. If the parties fail to agree on the terms of a  
30 contract required pursuant to this section, a party  
31 may request that the board intervene. The board shall  
32 have sixty days from the date of the intervention  
33 request to render a decision on the contract.

34 Sec. \_\_\_\_ . Section 476.43, subsections 2, 3, and 4,  
35 Code 1995, are amended by striking the subsections and  
36 inserting in lieu thereof the following:

37 2. The board shall establish a uniform competitive  
38 bidding process so that an electric utility shall  
39 acquire alternate energy at a just and economically  
40 based market rate. An alternate energy contract shall  
41 require that the utility pay the competitive bid rate  
42 to the facility during the contract term. The  
43 kilowatt per hour competitive bid rate shall not be  
44 less than the annual average rate of off-peak kilowatt  
45 per hour rates and peak kilowatt per hour rates at  
46 which an electric utility would have had to purchase  
47 the power. An electric utility may produce its own  
48 alternate energy by constructing and operating an  
49 alternate energy production facility or small hydro  
50 facility if the facility is constructed and operated

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1 as a separate affiliate entity. However, the electric  
2 utility shall participate in the competitive bidding  
3 process using a third-party evaluator. A bid from an  
4 electric utility producing its own alternate energy  
5 shall not take into account regulated industry-based  
6 factors including, but not limited to, eminent domain  
7 and transmission ownership in order to produce a lower  
8 cost bid.

9 3. Notwithstanding section 476.51, an electric  
10 utility which fails to comply with the requirements of  
11 subsection 1 or which obstructs the policy of this  
12 state as stated in section 476.41 shall be subject to  
13 a civil penalty, levied by the board, in an amount  
14 that is equivalent to three times the total project  
15 capital cost of the lowest bid filed with the board to  
16 comply with the requirements of subsection 1. Civil  
17 penalties collected under this subsection shall be  
18 forwarded to the treasurer of state to be credited to  
19 the Iowa energy center. Any moneys allocated to the  
20 Iowa energy center pursuant to this subsection shall  
21 be used solely for providing grants to nonprofit  
22 agencies for alternate energy production. These  
23 penalties shall be excluded from the electric  
24 utility's costs when determining the electric  
25 utility's revenue requirement, and shall not be  
26 included either directly or indirectly in the electric  
27 utility's rates or charges to customers.

28 4. Notwithstanding subsection 2, alternate energy  
29 produced by recovery of methane at a sanitary landfill  
30 shall be purchased at the rate existing as of January  
31 1, 1996.

32 Sec. \_\_\_\_\_. Section 476.44, subsection 1, Code 1995,  
33 is amended by striking the subsection.

34 Sec. \_\_\_\_\_. Section 476.44, subsection 2, Code 1995,  
35 is amended to read as follows:

36 2. a. An electric utility subject to this  
37 division, except a utility which elects rate  
38 regulation pursuant to section 476.1A, shall not be  
39 required to purchase ~~at any one time, more than~~ its  
40 share of one two hundred five ten megawatts of power  
41 from alternative energy production facilities or small  
42 hydro facilities ~~at the rates~~ in accordance with the  
43 competitive bidding process established pursuant to  
44 section 476.43 and pursuant to timelines established  
45 under paragraph "c". For purposes of this section,  
46 "megawatt" shall be determined in accordance with a  
47 utility's average capacity. "Average capacity" means  
48 a utility's total output over a year divided by the  
49 number of hours in the year. The board shall allocate  
50 the one two hundred five ten megawatts based upon each

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1 utility's percentage of the total Iowa retail peak  
2 demand, for the year beginning January 1, 1990, of all  
3 utilities subject to this section. If a utility  
4 undergoes reorganization as defined in section 476.76,  
5 the board shall combine the allocated purchases of  
6 power for each utility involved in the reorganization.

7 Notwithstanding the one two hundred five ten  
8 megawatt maximum, the board may increase the amount of  
9 power that a utility is required to purchase at the  
10 rates established pursuant to section 476.43 if the  
11 board finds that a utility, including a reorganized  
12 utility, exceeds its 1990 Iowa retail peak demand by  
13 twenty percent and the additional power the utility is  
14 required to purchase will encourage the development of  
15 alternate energy production facilities and small hydro  
16 facilities. The increase shall not exceed the  
17 utility's increase in peak demand multiplied by the  
18 ratio of the utility's share of the one two hundred  
19 five ten megawatt maximum to its 1990 Iowa retail peak  
20 demand.

21 b. Of that portion of alternate energy required to  
22 be purchased by a utility under this section, eighty-  
23 five percent shall be purchased from alternate energy  
24 production facilities or small hydro facilities  
25 generating electricity with current and viable  
26 technologies and fifteen percent shall be purchased  
27 from alternate energy production facilities generating  
28 electricity from new technologies. The board shall  
29 provide for a minimum of thirty percent of the eighty-  
30 five percent required purchase of alternate energy  
31 under this paragraph to be purchased from small hydro  
32 facilities. Of the eighty-five percent, thirty  
33 percent shall be purchased in accordance with the  
34 following:

35 (1) At least ten percent shall be from dedicated  
36 energy crops grown within the state, fifty percent of  
37 which shall be from projects of five hundred kilowatts  
38 or less.

39 (2) At least ten percent shall be from  
40 agricultural wastes produced from agricultural crops  
41 grown within the state, fifty percent of which shall  
42 be from projects of five hundred kilowatts or less.

43 (3) At least ten percent shall be from small scale  
44 wind generation projects located within the state of  
45 two hundred fifty kilowatts or less.

46 c. By December 31, 1997, the board shall require  
47 an electric utility to enter into contracts for the  
48 purchase of the utility's allotted share of eighty-  
49 nine megawatts of electricity generated from alternate  
50 energy production facilities, and by July 1, 1999, the

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1 board shall require the utility to enter into  
 2 contracts for the purchase of the utility's allotted  
 3 share of an additional one hundred five megawatts.  
 4 For purposes of this section, new technologies include  
 5 only those technologies that use nonfossil fuel to  
 6 derive renewable energy."

7 5. Page 7, by inserting after line 2 the  
 8 following:

9 "Sec. \_\_\_\_ . APPLICABILITY TO EXISTING CONTRACTS.

10 The provisions of this Act relating to alternate  
 11 energy shall not affect the terms and conditions of  
 12 any contract between an alternate energy production  
 13 facility or small hydro facility and an electric  
 14 utility that was entered into pursuant to sections  
 15 476.43 and 476.44 for purchase of alternate energy if  
 16 the contract was entered into prior to the effective  
 17 date of this Act. In addition, this Act shall not  
 18 affect potential contracts between alternate energy  
 19 production facilities and electric utilities if a  
 20 petition relating to the potential contracts has been  
 21 filed by January 1, 1996, and an action is currently  
 22 pending before the Iowa utilities board. For purposes  
 23 of the pending actions, the Iowa utilities board shall  
 24 not take into account the changes contained in this  
 25 Act.

26 Sec. \_\_\_\_ . It is the intent of the general assembly  
 27 that persons who have proceeded in good faith under  
 28 the terms and conditions of sections 476.43 and  
 29 476.44, prior to their amendment by this Act, not  
 30 suffer economic loss as a result of this Act. These  
 31 persons shall be reimbursed by the utilities for their  
 32 reasonable good faith development costs as determined  
 33 by the Iowa utilities board."

34 6. Title page, line 1, by inserting after the  
 35 word "efficiency" the following: "and alternate  
 36 energy".

37 7. Title page, line 4, by inserting after the  
 38 word "research" the following: "and providing an  
 39 applicability provision".

40 8. By renumbering as necessary.

By BILL FINK  
 MARY LUNDBY

S-5751 FILED APRIL 12, 1996

*adopted 4-16-96 (p. 1405)*

## SENATE FILE 2370

S-5739

1 Amend Senate File 2370 as follows:

2 1. Page 2, by striking lines 21 and 22 and  
3 inserting the following:

4 "Sec. 50. Section 476.2, subsections 5, 6, and 7,  
5 Code 1995, are amended by striking the subsections and  
6 inserting in lieu thereof the following:

7 5. Each rate-regulated gas and electric utility  
8 operating within the state shall maintain with the  
9 state the utility's principal office for Iowa  
10 operations. The principal office shall be subject to  
11 the jurisdiction of the board and shall house all of  
12 the utility's books, accounts, papers, and records  
13 required to be maintained by the board. The utility  
14 shall maintain within the state administrative,  
15 technical, and operating personnel necessary for the  
16 delivery of safe and reasonably adequate services and  
17 facilities as required pursuant to section 476.8. A  
18 public utility which violates this section shall be  
19 subject to the penalties provided in section 476.51  
20 and shall be denied authority to recover, for a period  
21 determined by the board, the costs of an energy  
22 efficiency plan pursuant to section 476.6, subsection  
23 11.

24 6. The board shall provide the general assembly  
25 with a report on the energy efficiency planning  
26 efforts undertaken by utilities required to offer  
27 energy efficiency plans pursuant to section 476.6,  
28 subsection 17. The report shall be completed by  
29 January 1, 1998."

30 2. Page 7, by inserting after line 2 the  
31 following:

32 "Sec. \_\_\_\_ . Section 50 of this Act, being deemed of  
33 immediate importance, takes effect upon enactment."

34 3. Title page, line 4, by inserting after the  
35 word "research" the following: "and requiring the  
36 location of a principal office within the state and  
37 providing an effective date".

By MARY LUNDBY  
ANDY MCKEAN

*Adopted 4/16/96 (p. 1406)*

S-5739 FILED APRIL 12, 1996

## SENATE FILE 2370

S-5741

1 Amend the amendment, S-5739, to Senate File 2370 as  
2 follows:

3 1. Page 1, line 8, by striking the word "with"  
4 and inserting the following: "within".

By MARY LUNDBY

S-5741 FILED APRIL 12, 1996

*Adopted 4-16-96 (p. 1405)*

SENATE FILE 2370

S-5795

1 Amend Senate File 2370 as follows:  
2 1. Page 3, line 14, by striking the word "The"  
3 and inserting the following: "In conjunction with the  
4 energy bureau of the energy and geological resources  
5 division of the department of natural resources, the".

By MARY LUNDBY

S-5795 FILED APRIL 16, 1996

RULED OUT OF ORDER

(P. 1406)

SENATE FILE 2370

S-5800

1 Amend Senate File 2370 as follows:  
2 1. Page 3, line 9, by inserting after the word  
3 "persons" the following: ", and shall be developed in  
4 conjunction with the energy bureau of the energy and  
5 geological resources division of the department of  
6 natural resources".

By BILL FINK

S-5800 FILED APRIL 16, 1996

LOST

4-16-96 (P. 1406)



1 Section 1. Section 476.1, unnumbered paragraph 7, Code  
2 1995, is amended to read as follows:

3 The jurisdiction of the board under this chapter shall  
4 include programs efforts designed to promote the use of energy  
5 efficiency strategies by rate or service-regulated gas and  
6 electric utilities. ~~These programs shall be cost-effective.~~  
7 ~~The board may initiate these programs as pilot projects to~~  
8 ~~accumulate sufficient data to determine if the programs meet~~  
9 ~~the requirements of this paragraph.~~

10 Sec. 2. Section 476.1A, subsections 5 and 6, Code 1995,  
11 are amended to read as follows:

12 5. Assessment of fees for the support of the Iowa energy  
13 center created in section 266.39C and the center for global  
14 warming and regional environmental research established by the  
15 state board of regents.

16 6. Filing energy efficiency plans and energy efficiency  
17 results with the board. The energy efficiency plans as a  
18 whole shall be cost-effective. The board may permit these  
19 utilities to file joint plans.

20 Sec. 3. Section 476.1A, Code 1995, is amended by adding  
21 the following new subsection:

22 NEW SUBSECTION. 7. Encouragement of alternate energy  
23 production and the purchase of alternate energy.

24 Sec. 4. Section 476.1A, unnumbered paragraph 2, Code 1995,  
25 is amended to read as follows:

26 The board may waive all or part of the energy efficiency  
27 filing and review requirements for electric cooperative  
28 corporations and associations and electric public utilities  
29 which demonstrate superior results with existing energy  
30 efficiency programs efforts.

31 Sec. 5. Section 476.1A, unnumbered paragraph 3, Code 1995,  
32 is amended to read as follows:

33 However, sections 476.20, 476.21, 476-41-through-476-44,  
34 476.51, 476.56, 476.62, and 476.66 and chapters 476A and 478,  
35 to the extent applicable, apply to such electric utilities.

1 Sec. 6. Section 476.1B, subsection 1, paragraph g, Code  
2 1995, is amended by striking the paragraph and inserting in  
3 lieu thereof the following:

4 g. Encouragement of alternate energy production and the  
5 purchase of alternate energy.

6 Sec. 7. Section 476.1B, subsection 1, paragraphs k and l,  
7 Code 1995, are amended to read as follows:

8 k. Assessment of fees for the support of the Iowa energy  
9 center created in section 266.39C and the ~~global-warming~~  
10 center for global and regional environmental research created  
11 by the state board of regents.

12 1. Filing energy efficiency plans and energy efficiency  
13 results with the board. The energy efficiency plans as a  
14 whole shall be cost-effective. The board may permit these  
15 utilities to file joint plans.

16 Sec. 8. Section 476.1B, subsection 2, Code 1995, is  
17 amended to read as follows:

18 2. The board may waive all or part of the energy  
19 efficiency filing and review requirements for municipally  
20 owned utilities which demonstrate superior results with  
21 existing energy efficiency programs efforts.

22 Sec. 9. Section 476.1C, subsection 1, unnumbered paragraph  
23 2, Code 1995, is amended to read as follows:

24 Gas public utilities having fewer than two thousand  
25 customers shall be subject to the assessment of fees for the  
26 support of the Iowa energy center created in section 266.39C  
27 and the ~~global-warming~~ center for global and regional  
28 environmental research created by the state board of regents  
29 and shall file energy efficiency plans and energy efficiency  
30 results with the board. The energy efficiency plans as a  
31 whole shall be cost-effective. The board may waive all or  
32 part of the energy efficiency filing requirements if the gas  
33 utility demonstrates superior results with existing energy  
34 efficiency programs efforts.

35 Sec. 10. Section 476.2, subsections 5, 6, and 7, Code

1 1995, are amended by striking the subsections and inserting in  
2 lieu thereof the following:

3 5. Each rate-regulated gas and electric utility operating  
4 within the state shall maintain within the state the utility's  
5 principal office for Iowa operations. The principal office  
6 shall be subject to the jurisdiction of the board and shall  
7 house those books, accounts, papers, and records of the  
8 utility deemed necessary by the board to be housed within the  
9 state. The utility shall maintain within the state  
10 administrative, technical, and operating personnel necessary  
11 for the delivery of safe and reasonably adequate services and  
12 facilities as required pursuant to section 476.8. A public  
13 utility which violates this section shall be subject to the  
14 penalties provided in section 476.51 and shall be denied  
15 authority to recover, for a period determined by the board,  
16 the costs of an energy efficiency plan pursuant to section  
17 476.6, subsection 11.

18 6. The board shall provide the general assembly with a  
19 report on the energy efficiency planning efforts undertaken by  
20 utilities required to offer energy efficiency plans pursuant  
21 to section 476.6, subsection 17. The report shall be  
22 completed by January 1, 1998.

23 Sec. 11. Section 476.6, subsection 17, Code 1995, is  
24 amended by striking the subsection and inserting in lieu  
25 thereof the following:

26 17. ENERGY EFFICIENCY PLANS. Electric and gas public  
27 utilities shall offer energy efficiency programs to their  
28 customers through energy efficiency plans. An energy  
29 efficiency plan as a whole shall be cost-effective. Energy  
30 efficiency programs for qualified low-income persons and for  
31 tree planting programs need not be cost-effective and shall  
32 not be considered in determining cost-effectiveness of plans  
33 as a whole. The energy efficiency programs in the plans may  
34 be provided by the utility or by a contractor or agent of the  
35 utility.

1 Whenever a request to modify an approved plan or budget is  
2 filed subsequently by the office of consumer advocate or a gas  
3 or electric utility required to be rate-regulated under this  
4 chapter, the board shall promptly initiate a formal proceeding  
5 if the board determines that any reasonable ground exists for  
6 investigating the request. The formal proceeding may be  
7 initiated at any time by the board on its own motion.  
8 Implementation of board approved plans or budgets shall be  
9 considered continuous in nature and shall be subject to  
10 investigation at any time by the board or the office of the  
11 consumer advocate.

12 d. Notice to customers of a contested case proceeding for  
13 review of energy efficiency plans and budgets shall be in a  
14 manner prescribed by the board.

15 e. A gas or electric utility required to be rate-regulated  
16 under this chapter may recover, through an automatic  
17 adjustment mechanism filed pursuant to subsection 11, over a  
18 period not to exceed the term of the plan, the costs of an  
19 energy efficiency plan approved by the board, including  
20 amounts for a plan approved prior to July 1, 1996, in a  
21 contested case proceeding conducted pursuant to paragraph "c".  
22 The board shall periodically conduct a contested case  
23 proceeding to evaluate the reasonableness and prudence of the  
24 utility's implementation of an approved energy efficiency plan  
25 and budget. If a utility is not taking all reasonable actions  
26 to cost-effectively implement an approved energy efficiency  
27 plan, the board shall not allow the utility to recover from  
28 customers costs in excess of those costs that would be  
29 incurred under reasonable and prudent implementation and shall  
30 not allow the utility to recover future costs at a level other  
31 than what the board determines to be reasonable and prudent.  
32 If the result of a contested case proceeding is a judgment  
33 against a utility, that utility's future level of cost  
34 recovery shall be reduced by the amount by which the programs  
35 were found to be imprudently conducted. The utility shall not

1 represent energy efficiency in customer billings as a separate  
2 cost or expense unless the board otherwise approves.

3 Sec. 13. Section 476.6, Code 1995, is amended by adding  
4 the following new subsection:

5 NEW SUBSECTION. 22. ALTERNATE ENERGY PROMOTIONAL RATES.  
6 The board shall require that electric utilities offer to their  
7 customers the opportunity to pay, on a voluntary basis, an  
8 alternate energy promotional rate. This rate shall exceed the  
9 rate for electricity otherwise payable and shall be designed  
10 and encouraged by the electric utility to maximize voluntary  
11 financial support for alternate energy production. The  
12 alternate energy promotional rate shall be filed as a tariff  
13 with the board pursuant to section 476.4. Retaining only  
14 amounts approved by the board for its administrative and  
15 marketing costs, the electric utility shall remit that portion  
16 of the electric rate attributable to the alternate energy  
17 promotional rate to the state treasurer to be allocated to the  
18 general fund of the state.

19 Sec. 14. Section 476.10A, Code 1995, is amended to read as  
20 follows:

21 476.10A FUNDING FOR IOWA ENERGY CENTER AND GLOBAL-WARMING  
22 CENTER FOR GLOBAL AND REGIONAL ENVIRONMENTAL RESEARCH.

23 The board shall direct all gas and electric utilities to  
24 remit to the treasurer of state one-tenth of one percent of  
25 the total gross operating revenues during the last calendar  
26 year derived from their intrastate public utility operations.  
27 The board shall by rule provide a schedule for remittances  
28 which shall require that the first remittance be made not  
29 before July 1, 1991. The amounts collected pursuant to this  
30 section shall be in addition to the amounts permitted to be  
31 assessed pursuant to section 476.10. The board shall allow  
32 inclusion of these amounts in the budgets approved by the  
33 board pursuant to section 476.6, subsection 19, paragraph "a".  
34 Eighty-five percent of the remittances collected pursuant to  
35 this section is appropriated to the Iowa energy center created

1 in section 266.39C. Fifteen percent of the remittances  
2 collected pursuant to this section is appropriated to the  
3 center for global warming and regional environmental research  
4 established by the state board of regents.

5 Notwithstanding section 8.33, any unexpended moneys  
6 remitted to the treasurer of state under this section shall be  
7 retained for the purposes designated. Notwithstanding section  
8 12C.7, subsection 2, interest or earnings on investments or  
9 time deposits of the moneys remitted under this section shall  
10 be retained and used for the purposes designated.

11 The Iowa energy center and the center for global and  
12 regional environmental research shall each provide a written  
13 annual report to the utilities board which describes each  
14 center's activities and the results that each center has  
15 accomplished. Each report shall include an explanation of  
16 initiatives and projects of importance to the state of Iowa.

17 Sec. 15. Section 476.42, subsection 1, paragraph a, Code  
18 1995, is amended to read as follows:

19 a. A solar, wind turbine, waste-management, resource  
20 methane recovery, refuse-derived-fuel, agricultural crops or  
21 residues, or woodburning facility.

22 Sec. 16. Section 476.42, subsection 3, Code 1995, is  
23 amended by striking the subsection.

24 Sec. 17. Section 476.42, subsection 4, paragraph a, Code  
25 1995, is amended to read as follows:

26 a. A hydroelectric facility at a dam located within this  
27 state.

28 Sec. 18. Section 476.42, Code 1995, is amended by adding  
29 the following new subsection:

30 NEW SUBSECTION. 5. "Alternate energy" means electricity  
31 derived from hydro, solar, wind, methane recovery,  
32 agricultural crops or residues, or woodburning energy.

33 Sec. 19. Section 476.43, subsection 1, Code 1995, is  
34 amended to read as follows:

35 1. Subject to section 476.44, the board shall require

1 electric utilities to enter into long-term contracts to do the  
2 following:

3 a. Purchase or wheel electricity from alternate energy  
4 production facilities or small hydro facilities located in the  
5 utility's service area under the terms and conditions that the  
6 board finds are just and economically reasonable to the  
7 electric utilities' ratepayers, are nondiscriminatory to  
8 alternate energy producers and small hydro producers and will  
9 further the policy stated in section 476.41.

10 b. Provide for the availability of supplemental or backup  
11 power to alternate energy production facilities or small hydro  
12 facilities on a nondiscriminatory basis and at just and  
13 reasonable rates.

14 c. If the parties fail to agree on the terms of a contract  
15 required pursuant to this section, a party may request that  
16 the board intervene. The board shall have sixty days from the  
17 date of the intervention request to render a decision on the  
18 contract.

19 Sec. 20. Section 476.43, subsections 2, 3, and 4, Code  
20 1995, are amended by striking the subsections and inserting in  
21 lieu thereof the following:

22 2. The board shall establish a uniform competitive bidding  
23 process so that an electric utility shall acquire alternate  
24 energy at a just and economically based market rate. An  
25 alternate energy contract shall require that the utility pay  
26 the competitive bid rate to the facility during the contract  
27 term. The kilowatt per hour competitive bid rate shall not be  
28 less than the annual average rate of off-peak kilowatt per  
29 hour rates and peak kilowatt per hour rates at which an  
30 electric utility would have had to purchase the power. An  
31 electric utility may produce its own alternate energy by  
32 constructing and operating an alternate energy production  
33 facility or small hydro facility if the facility is  
34 constructed and operated as a separate affiliate entity.  
35 However, the electric utility shall participate in the

1 competitive bidding process using a third-party evaluator. A  
2 bid from an electric utility producing its own alternate  
3 energy shall not take into account regulated industry-based  
4 factors including, but not limited to, eminent domain and  
5 transmission ownership in order to produce a lower cost bid.

6 3. Notwithstanding section 476.51, an electric utility  
7 which fails to comply with the requirements of subsection 1 or  
8 which obstructs the policy of this state as stated in section  
9 476.41 shall be subject to a civil penalty, levied by the  
10 board, in an amount that is equivalent to three times the  
11 total project capital cost of the lowest bid filed with the  
12 board to comply with the requirements of subsection 1. Civil  
13 penalties collected under this subsection shall be forwarded  
14 to the treasurer of state to be credited to the Iowa energy  
15 center. Any moneys allocated to the Iowa energy center  
16 pursuant to this subsection shall be used solely for providing  
17 grants to nonprofit agencies for alternate energy production.  
18 These penalties shall be excluded from the electric utility's  
19 costs when determining the electric utility's revenue  
20 requirement, and shall not be included either directly or  
21 indirectly in the electric utility's rates or charges to  
22 customers.

23 4. Notwithstanding subsection 2, alternate energy produced  
24 by recovery of methane at a sanitary landfill shall be  
25 purchased at the rate existing as of January 1, 1996.

26 Sec. 21. Section 476.44, subsection 1, Code 1995, is  
27 amended by striking the subsection.

28 Sec. 22. Section 476.44, subsection 2, Code 1995, is  
29 amended to read as follows:

30 2. a. An electric utility subject to this division,  
31 except a utility which elects rate regulation pursuant to  
32 section 476.1A, shall not be required to purchase~~7-at-any-one~~  
33 ~~time7-more-than~~ its share of one two hundred five ten  
34 megawatts of power from alternative energy production  
35 facilities or small hydro facilities ~~at-the-rates~~ in

1 accordance with the competitive bidding process established  
2 pursuant to section 476.43 and pursuant to timelines  
3 established under paragraph "c". For purposes of this  
4 section, "megawatt" shall be determined in accordance with a  
5 utility's average capacity. "Average capacity" means a  
6 utility's total output over a year divided by the number of  
7 hours in the year. The board shall allocate the one two  
8 hundred five ten megawatts based upon each utility's  
9 percentage of the total Iowa retail peak demand, for the year  
10 beginning January 1, 1990, of all utilities subject to this  
11 section. If a utility undergoes reorganization as defined in  
12 section 476.76, the board shall combine the allocated  
13 purchases of power for each utility involved in the  
14 reorganization.

15 Notwithstanding the one two hundred five ten megawatt  
16 maximum, the board may increase the amount of power that a  
17 utility is required to purchase ~~at the rates established~~  
18 ~~pursuant to section 476.43~~ if the board finds that a utility,  
19 including a reorganized utility, exceeds its 1990 Iowa retail  
20 peak demand by twenty percent and the additional power the  
21 utility is required to purchase will encourage the development  
22 of alternate energy production facilities and small hydro  
23 facilities. The increase shall not exceed the utility's  
24 increase in peak demand multiplied by the ratio of the  
25 utility's share of the one two hundred five ten megawatt  
26 maximum to its 1990 Iowa retail peak demand.

27 b. Of that portion of alternate energy required to be  
28 purchased by a utility under this section, eighty-five percent  
29 shall be purchased from alternate energy production facilities  
30 or small hydro facilities generating electricity with current  
31 and viable technologies and fifteen percent shall be purchased  
32 from alternate energy production facilities generating  
33 electricity from new technologies. The board shall provide  
34 for a minimum of thirty percent of the eighty-five percent  
35 required purchase of alternate energy under this paragraph to

1 be purchased from small hydro facilities. Of the eighty-five  
2 percent, thirty percent shall be purchased in accordance with  
3 the following:

4 (1) At least ten percent shall be from dedicated energy  
5 crops grown within the state, fifty percent of which shall be  
6 from projects of five hundred kilowatts or less.

7 (2) At least ten percent shall be from agricultural wastes  
8 produced from agricultural crops grown within the state, fifty  
9 percent of which shall be from projects of five hundred  
10 kilowatts or less.

11 (3) At least ten percent shall be from small scale wind  
12 generation projects located within the state of two hundred  
13 fifty kilowatts or less.

14 c. By December 31, 1997, the board shall require an  
15 electric utility to enter into contracts for the purchase of  
16 the utility's allotted share of eighty-nine megawatts of  
17 electricity generated from alternate energy production  
18 facilities, and by July 1, 1999, the board shall require the  
19 utility to enter into contracts for the purchase of the  
20 utility's allotted share of an additional one hundred five  
21 megawatts. For purposes of this section, new technologies  
22 include only those technologies that use nonfossil fuel to  
23 derive renewable energy.

24 Sec. 23. Section 476.78, Code 1995, is amended to read as  
25 follows:

26 476.78 CROSS-SUBSIDIZATION PROHIBITED.

27 A rate-regulated gas or electric public utility shall not  
28 directly or indirectly include any costs or expenses  
29 attributable to providing nonutility service in regulated  
30 rates or charges. Except for contracts existing as of July 1,  
31 1996, a rate-regulated gas or electric public utility or its  
32 affiliates shall not use vehicles, service tools and  
33 instruments, or employees, the costs, salaries, or benefits of  
34 which are recoverable in the regulated rates for electric  
35 service or gas service to install, service, or repair

1 residential or commercial gas or electric heating,  
2 ventilating, or air conditioning systems, or interior lighting  
3 systems and fixtures; or to sell at retail heating,  
4 ventilating, air conditioning, or interior lighting equipment.  
5 For the purpose of this section, "commercial" means a place of  
6 business primarily used for the storage or sale, at wholesale  
7 or retail, of goods, wares, services, or merchandise. Nothing  
8 in this section shall be construed to prohibit a rate-  
9 regulated gas or electric public utility from using its  
10 utility vehicles, service tools and instruments, and employees  
11 to market systems, services, and equipment, to light pilots,  
12 or to eliminate a customer emergency or threat to public  
13 safety.

14 Sec. 24. Section 476.83, Code 1995, is amended by striking  
15 the section and inserting in lieu thereof the following:

16 476.83 COMPLAINTS.

17 Any person may file a written complaint with the board  
18 requesting that the board determine compliance by a rate-  
19 regulated gas or electric public utility with the provisions  
20 of section 476.78, 476.79, or 476.80, or any validly adopted  
21 rules to implement these sections. Upon the filing of a  
22 complaint, the board may promptly initiate a formal complaint  
23 proceeding and give notice of the proceeding and the  
24 opportunity for hearing. The formal complaint proceeding may  
25 be initiated at any time by the board on its own motion. The  
26 board shall render a decision in the proceeding within ninety  
27 days after the date the written complaint was filed, unless  
28 additional time is requested by the complainant.

29 Sec. 25. Section 476A.6, subsections 4 and 5, Code 1995,  
30 are amended by striking the subsections and inserting in lieu  
31 thereof the following:

32 4. The applicant, if a public utility as defined in  
33 section 476.1, has in effect an energy efficiency plan  
34 designed to reduce peak loads and to increase efficiency of  
35 use of energy, and the facility in the application is

1 necessary notwithstanding the existence of the energy  
2 efficiency plan. As used in this subsection, "energy  
3 efficiency plan" includes at a minimum, cost-effective energy  
4 efficiency services and programs, including cost-effective  
5 load management and interruptible service programs.

6 5. The applicant, if a public utility as defined in  
7 section 476.1, shall demonstrate to the board that the utility  
8 has considered sources for long-term electric supply from  
9 either purchase of electricity or investment in facilities  
10 owned by other persons, including consideration of the  
11 following:

12 a. Wheeling agreements and other energy or capacity-  
13 sharing agreements, where cost-effective, with other sources  
14 that have available energy or capacity.

15 b. Establishment of renewable energy programs or purchase  
16 of electricity from renewable energy suppliers.

17 Sec. 26. Section 476.65, Code 1995, is repealed.

18 Sec. 27. APPLICABILITY TO EXISTING CONTRACTS. The  
19 provisions of this Act relating to alternate energy shall not  
20 affect the terms and conditions of any contract between an  
21 alternate energy production facility or small hydro facility  
22 and an electric utility that was entered into pursuant to  
23 sections 476.43 and 476.44 for purchase of alternate energy if  
24 the contract was entered into prior to the effective date of  
25 this Act. In addition, this Act shall not affect potential  
26 contracts between alternate energy production facilities and  
27 electric utilities if a petition relating to the potential  
28 contracts has been filed by January 1, 1996, and an action is  
29 currently pending before the Iowa utilities board. For  
30 purposes of the pending actions, the Iowa utilities board  
31 shall not take into account the changes contained in this Act.

32 Sec. 28. It is the intent of the general assembly that  
33 persons who have proceeded in good faith under the terms and  
34 conditions of sections 476.43 and 476.44, prior to their  
35 amendment by this Act, not suffer economic loss as a result of

1 this Act. These persons shall be reimbursed by the utilities  
2 for their reasonable good faith development costs as  
3 determined by the Iowa utilities board.

4     Sec. 29. Section 10 of this Act, being deemed of immediate  
5 importance, takes effect upon enactment.

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## SENATE FILE 2370

6019

1 Amend Senate File 2370, as amended, passed, and  
2 reprinted, as follows:

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

5 "Sec. \_\_\_\_\_. Section 422.51, Code 1995, is amended  
6 by adding the following new subsection:

7 NEW SUBSECTION. 5. The taxes remitted pursuant to  
8 this division shall be reduced by an alternate energy  
9 purchase tax credit. An electric utility which has  
10 purchased electricity from an alternate energy  
11 production facility or small hydro facility pursuant  
12 to a long-term contract entered into pursuant to  
13 section 476.43 shall be granted the credit in the  
14 applicable amount for each year of the contract. The  
15 credit shall be equal to the difference in the  
16 applicable tax year between the long-term contract  
17 rate that the utility paid for purchase of the  
18 electricity and the rate that is equivalent to the  
19 long-run avoided cost attributed to the production of  
20 electricity by the electric utility, as established by  
21 the board pursuant to section 476.43."

22 2. Page 9, by inserting after line 25 the  
23 following:

24 "Sec. \_\_\_\_\_. Section 476.43, Code 1995, is amended  
by adding the following new subsections:

25 NEW SUBSECTION. 7. An electric utility purchasing  
26 alternate energy pursuant to this section shall be  
27 entitled to an alternate energy purchase tax credit.  
28 The electric utility shall reflect the tax credit  
29 received by the utility in the utility's automatic  
30 adjustment pursuant to section 476.6, subsection 11.  
31 The credit shall be equal to the difference between  
32 the long-term contract rate and the rate that is  
33 equivalent to the long-run avoided cost attributed to  
34 production of the electricity by the electric utility,  
35 as established by the board. The board shall  
36 establish a long-run avoided cost rate for purposes of  
37 the tax credit provided under section 422.51. After  
38 January 1, 1997, this rate shall be based upon the  
39 conclusions of an annual independent study of the  
40 long-run avoided cost of energy production.

41 NEW SUBSECTION. 8. The utilities board and the  
42 office of the consumer advocate shall conduct an  
43 independent study of the long-run avoided cost of  
44 generating electricity each year for as long as the  
45 alternate energy purchase tax credit is in effect.  
46 The initial report shall be sent to the general  
47 assembly by January 1, 1997, and an annual report  
48 shall be sent to the general assembly by January 1  
49 each year thereafter for as long as the alternate

6019

-1-

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Page 2

1 energy purchase tax credit is in effect. The study  
2 shall include an economic analysis of electric utility  
3 rates and alternate energy production rates. In  
4 addition to other relevant factors, a determination of  
5 a long-run avoided cost shall consider the economic  
6 value of bringing the production of energy to the  
7 state versus the value of importing fossil fuels and  
8 the environmental impacts associated with energy  
9 production and use. The study shall provide a  
10 definitive statement of the long-run avoided cost."

11 3. Title page, line 4, by inserting after the  
12 word "research" the following: ", providing for an  
13 alternate energy purchase tax credit,".

14 4. By renumbering as necessary.

By VANDE HOEF of Osceola

MASCHER of Johnson

HOLVECK of Polk

SHOULTZ of Black Hawk

BURNETT of Story

H-6019 FILED APRIL 17, 1996

**WITHDRAWN**

4-18-96

(P. 1758)

## SENATE FILE 2370

H-6018

- 1 Amend Senate File 2370, as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. Page 1, by striking lines 20 through 23.  
 4 2. By striking page 1, line 31, through page 2,  
 5 line 5.  
 6 3. Page 6, by striking lines 3 through 18.  
 7 4. By striking page 7, line 17, through page 11,  
 8 line 23.  
 9 5. By striking page 13, line 18, through page 14,  
 10 line 3.  
 11 6. Title page, line 1, by striking the words "and  
 12 alternate energy".  
 13 7. Title page, line 6, by striking the words "and  
 14 providing an applicability provision".  
 15 8. By renumbering as necessary.

By NUTT of Woodbury	LAMBERTI of Polk
VAN FOSSEN of Scott	MERTZ of Kossuth
SCHULTE of LINN	BRANSTAD of Winnebago
RENKEN of Grundy	McCOY of Polk
DISNEY of Polk	CATALDO of Polk
DRAKE of Pottawattamie	BAKER of Polk
BRADLEY of Clinton	MAY of Worth
MEYER of Sac	WISE of Lee
HALVORSON of Clayton	NELSON of Pottawattamie
METCALF of Polk	

H-6018 FILED APRIL 17, 1996

WITHDRAWN 4-18-96 (p. 1758)

## SENATE FILE 2370

H-6016

- 1 Amend Senate File 2370, as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. Page 10, by striking lines 9 and 10 and  
 4 inserting the following: "percentage of the total  
 5 Iowa retail peak demand, ~~for the year beginning~~  
 6 ~~January 17, 1990~~ as of January 1, 1996, of all  
 7 utilities subject to this".  
 8 2. Page 10, line 19, by striking the figure  
 9 "1990" and inserting the following: "1990".  
 10 3. Page 10, line 20, by inserting after the word  
 11 "demand" the following: ", as of January 1, 1996,".  
 12 4. Page 10, by striking line 26 and inserting the  
 13 following: "maximum to its 1990 Iowa retail peak  
 14 demand, as of January 1, 1996."

By HOLVECK of Polk	VANDE HOEF of Osceola
SHOULTZ of Black Hawk	BURNETT of Story
MASCHER of Johnson	

H-6016 FILED APRIL 17, 1996

o/p/order 4-18-96

## SENATE FILE 2370

H-6017

1 Amend Senate File 2370, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 7, by inserting after line 16 the  
4 following:

5 "Sec. \_\_\_\_ . Section 476.41, Code 1995, is amended  
6 to read as follows:

7 476.41 PURPOSE.

8 It is the policy of this state to encourage the  
9 development of alternate energy production facilities  
10 and small hydro facilities in order to conserve our  
11 finite and expensive energy resources and to provide  
12 for their most efficient use. For purposes of  
13 determining the cost-effectiveness of a renewable  
14 resource investment, any measure of cost-effectiveness  
15 shall be analytically derived in terms of reduction in  
16 the overall energy expenditures by aggregated energy-  
17 using sections of the state economy, and enhancement  
18 of direct disposable income, gross state product, and  
19 new job creation in comparison with those same  
20 measures applied to expenditures for conventional  
21 energy supply reserves that are displaced by the  
22 renewable resource. These cost-effective indicators  
23 shall be analytically derived by multisector  
24 econometric analysis conducted by the utilities board.  
25 This analysis shall be revised annually to conform to  
26 improved methodologies and to incorporate improved  
27 input assumptions as experience is gained and new data  
28 becomes available. Renewable energy resources  
29 investments designed to accelerate the market  
30 development of these technologies shall be judged  
31 cost-effective on the basis of expected costs and  
32 benefits after attaining market acceptance."

33 2. By renumbering as necessary.

By WITT of Black Hawk

MASCHER of Johnson

BURNETT of Story

SHOULTZ of Black Hawk

VANDE HOEF of Osceola

HOLVECK of Polk

H-6017 FILED APRIL 17, 1996

WITHDRAWN

4-18-96

(P 1758)

## SENATE FILE 2370

H-6014

1 Amend Senate File 2370, 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 476.6, subsection 19,  
 6 paragraph d, Code 1995, is amended by striking the  
 7 paragraph and inserting in lieu thereof the following:  
 8 d. A gas or electric rate-regulated public utility  
 9 may recover, through an automatic adjustment mechanism  
 10 filed pursuant to subsection 11, over a period not to  
 11 exceed the term of the plan, the costs of an energy  
 12 efficiency plan approved by the board in a contested  
 13 case proceeding conducted pursuant to paragraph "a".  
 14 The board shall periodically conduct a contested case  
 15 proceeding to evaluate the reasonableness and prudence  
 16 of the utility's implementation of an approved energy  
 17 efficiency plan and budget. If a utility is not  
 18 taking all reasonable actions to cost-effectively  
 19 implement an approved energy efficiency plan, the  
 20 board shall not allow the utility to recover from  
 21 customers costs in excess of those costs that would be  
 22 incurred under reasonable and prudent implementation  
 23 and shall not allow the utility to recover future  
 24 costs at a level other than what the board determines  
 25 to be reasonable and prudent. If the result of a  
 26 contested case proceeding is a judgment against a  
 27 utility, that utility's future level of cost recovery  
 28 shall be reduced by the amount by which the programs  
 29 were found to be imprudently conducted. The utility  
 30 shall not represent energy efficiency in customer  
 31 billings as a separate cost or expense unless the  
 32 board otherwise approves."  
 33 2. Title page, by striking lines 1 through 6 and  
 34 inserting the following: "An Act allowing for  
 35 recovery of certain utility costs."

By HOLVECK of Polk BURNETT of Story  
 SHOULTZ of Black Hawk WITT of Black Hawk

H-6014 FILED APRIL 17, 1996

WITHDRAWN 4-18-96 (p 1758)

## SENATE FILE 2370

H-6015

1 Amend Senate File 2370, as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. Page 3, line 29, by inserting after the word  
 4 "cost-effective." the following: "An energy  
 5 efficiency plan which passes the societal cost benefit  
 6 test using a discount rate reflecting the time value  
 7 of money to society is considered cost-effective."

By HOLVECK of Polk BURNETT of Story  
 WITT of Black Hawk BERNAU of Story  
 VANDE HOEF of Osceola

H-6015 FILED APRIL 17, 1996

o/o/ order 4-18-96

WITHDRAWN

## SENATE FILE 2370

H-6012

1 Amend Senate File 2370, as amended,, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. Page 3, line 29, by inserting after the word  
 4 "cost-effective." the following: "For purposes of  
 5 determining the cost-effectiveness of an energy  
 6 efficiency plan pursuant to this subsection, any  
 7 measure of cost-effectiveness shall be analytically  
 8 derived in terms of reduction in the overall energy  
 9 expenditures by aggregated energy-using sections of  
 10 the state economy, and enhancement of direct  
 11 disposable income, gross domestic product, and new job  
 12 creation in comparison with those same measures  
 13 applied to expenditures for conventional energy supply  
 14 reserves that are displaced by the efficiency measure.  
 15 These cost-effective indicators shall be analytically  
 16 derived by multisector econometric analysis conducted  
 17 by the utilities board. This analysis shall be  
 18 revised annually to conform to improved methodologies  
 19 and to incorporate improved input assumptions as  
 20 experience is gained and new data becomes available.  
 21 Energy efficiency plans containing programs designed  
 22 to accelerate the market transformation of efficiency  
 23 technologies shall be judged cost-effective on the  
 24 basis of expected costs and benefits after attaining  
 25 market acceptance."

By HOLVECK of Polk

MASCHER of Johnson

DODERER of Johnson

BURNETT of Story

SHOULTZ of Black Hawk

H-6012 FILED APRIL 17, 1996

*o/o/orden 4/18/96*

## SENATE FILE 2370

H-6013

1 Amend Senate File 2370, as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. Page 3, line 35, by inserting after the word  
 4 "utility." the following: "Energy efficiency programs  
 5 shall be designed to assure the lowering of overall  
 6 costs of energy investments within this state, to  
 7 increase the economic productivity of energy  
 8 investments in this state, to enhance employment  
 9 retention and creation resulting from energy  
 10 investments within this state, and to reduce adverse  
 11 environmental impacts associated with energy  
 12 production and energy use within this state."

By HOLVECK of Polk

H-6013 FILED APRIL 17, 1996

WITHDRAWN

*4-18-96**(P. 1759)*

WITHDRAWN

## SENATE FILE 2370

H-6010

1 Amend Senate File 2370, 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 422.51, Code 1995, is amended  
6 by adding the following new subsection:

7 NEW SUBSECTION. 5. The taxes remitted pursuant to  
8 this division shall be reduced by an alternate energy  
9 purchase tax credit. An electric utility which has  
10 purchased electricity from an alternate energy  
11 production facility or small hydro facility pursuant  
12 to a long-term contract entered into pursuant to  
13 section 476.43 shall be granted the credit in the  
14 applicable amount for each year of the contract. The  
15 credit shall be equal to the difference in the  
16 applicable tax year between the competitive bid rate  
17 that the utility paid for purchase of the electricity  
18 and the rate that is equivalent to the long-run  
19 avoided cost attributed to the production of  
20 electricity by the electric utility, as established by  
21 the board pursuant to section 476.43."

22 2. Page 6, line 18, by inserting after the word  
23 "state" the following: "to offset the alternate  
24 energy purchase tax credit provided for in section  
25 422.51".

26 3. Page 9, by inserting after line 25 the  
27 following:

28 "Sec. \_\_\_\_ . Section 476.43, Code 1995, is amended  
29 by adding the following new subsections:

30 NEW SUBSECTION. 7. An electric utility purchasing  
31 alternate energy pursuant to this section shall be  
32 entitled to an alternate energy purchase tax credit.  
33 The electric utility shall reflect the tax credit  
34 received by the utility in the utility's automatic  
35 adjustment pursuant to section 476.6, subsection 11.  
36 The credit shall be equal to the difference between  
37 the competitive bid rate and the rate that is  
38 equivalent to the long-run avoided cost attributed to  
39 production of the electricity by the electric utility,  
40 as established by the board. The board shall  
41 establish a long-run avoided cost rate for purposes of  
42 the tax credit provided under section 422.51. After  
43 January 1, 1997, this rate shall be based upon the  
44 conclusions of an annual independent study of the  
45 long-run avoided cost of energy production.

46 NEW SUBSECTION. 8. The utilities board and the  
47 office of the consumer advocate shall conduct an  
48 independent study of the long-run avoided cost of  
49 generating electricity each year for as long as the  
50 alternate energy purchase tax credit is in effect.

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Page 2

1 The initial report shall be sent to the general  
 2 assembly by January 1, 1997, and an annual report  
 3 shall be sent to the general assembly by January 1  
 4 each year thereafter for as long as the alternate  
 5 energy purchase tax credit is in effect. The study  
 6 shall include an economic analysis of electric utility  
 7 rates and alternate energy production rates. In  
 8 addition to other relevant factors, a determination of  
 9 a long-run avoided cost shall consider the economic  
 10 value of bringing the production of energy to the  
 11 state versus the value of importing fossil fuels and  
 12 the environmental impacts associated with energy  
 13 production and use. The study shall provide a  
 14 definitive statement of the long-run avoided cost."

15 4. Title page, line 4, by inserting after the  
 16 word "research" the following: ", providing for an  
 17 alternate energy purchase tax credit,".

18 5. By renumbering as necessary.

By VANDE HOEF of Osceola

MASCHER of Johnson

WITT of Black Hawk

HOLVECK of Polk

BURNETT of Story

SHOULTZ of Black Hawk

H-6010 FILED APRIL 17, 1996

**WITHDRAWN**

4-18-96

(P 1758)

SENATE FILE 2370

H-6011

1 Amend Senate File 2370, as amended, passed, and  
 2 reprinted by the Senate, as follows:

3 1. Page 13, by inserting after line 17 the  
 4 following:

5 "Sec. \_\_\_\_ . INTERIM COMMITTEE. The legislative  
 6 council shall consider creating a legislative interim  
 7 committee to review the success or failure of the  
 8 substantive and procedural provisions for energy  
 9 efficiency cost recovery under chapter 476. The  
 10 committee shall make recommendations to the general  
 11 assembly on any required changes due to the experience  
 12 gained from the previous two biennial energy  
 13 efficiency plan and budget cycles."

By HOLVECK of Polk

KLEMME of Plymouth

BERNAU of Story

VANDE HOEF of Osceola

SHOULTZ of Black Hawk

H-6011 FILED APRIL 17, 1996

**WITHDRAWN**

4-18-96

## SENATE FILE 2370

H-6009

1 Amend Senate File 2370 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 28F.1, Code 1995, is amended  
6 by striking the section and inserting in lieu thereof  
7 the following:

8 28F.1 SCOPE OF CHAPTER.

9 This chapter provides a means to reduce the cost of  
10 local government by assisting public agencies in the  
11 undertaking of joint financing and is intended to  
12 provide specific state legislation consistent with  
13 criteria established by regulations and rulings of the  
14 commissioner of internal revenue, United States  
15 department of treasury, in order for a separate joint  
16 financing entity to be treated as a constituted  
17 authority empowered to issue obligations on behalf of  
18 political subdivisions of this state. This chapter  
19 provides a means for the joint financing by public  
20 agencies of works or facilities which are part of any  
21 city enterprise as defined in section 384.24, county  
22 enterprise as defined in section 331.461, city utility  
23 as defined in section 362.2, joint water utility as  
24 defined in section 389.1, or sanitary district as  
25 defined in chapter 358. This chapter applies to the  
26 acquisition, construction, reconstruction, ownership,  
27 operation, repair, extension, or improvement of the  
28 works or facilities, by a separate administrative or  
29 legal entity created pursuant to chapter 28E or  
30 chapter 389. When the legal entity created under this  
31 chapter is comprised solely of cities, counties, or  
32 sanitary districts established under chapter 358 or  
33 any combination of these political subdivisions, or  
34 any combination of the public agencies previously  
35 specified in this section with other public agencies,  
36 the entity shall be both a corporation and a political  
37 subdivision with the name under which it was  
38 organized. The legal entity may sue and be sued,  
39 contract, acquire and hold real and personal property  
40 necessary for corporate purposes, adopt a corporate  
41 seal and alter the seal at pleasure, and execute all  
42 powers conferred by this chapter.

43 Sec. 2. Section 28F.2, Code 1995, is amended to  
44 read as follows:

45 28F.2 DEFINITIONS.

46 The terms "public agency", "state", and "private  
47 agency" shall have the meanings prescribed by section  
48 28E.2. The term "project" or "projects" shall mean  
49 any works or facilities referred to in section 28F.1  
50 and shall include all property real and personal,

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1 pertinent thereto or connected with such project or  
2 projects, and the existing works or facilities, if  
3 any, to which such project or projects are an  
4 extension, addition, betterment, or improvement.  
5 ~~"Electric-power-agency"-means-an-entity-financing-or~~  
6 ~~acquiring-electric-power-facilities-pursuant-to-this~~  
7 ~~chapter-or-chapter-28E.~~  
8 Sec. 3. Section 28F.7, unnumbered paragraph 2,  
9 Code 1995, is amended by striking the paragraph."  
10 2. Title page, line 5, by inserting after the  
11 word "state" the following: ", and allowing for joint  
12 financing for municipal utilities".  
13 3. By renumbering as necessary.

By VANDE HOEF of Osceola	EDDIE of Buena Vista
WITT of Black Hawk	KLEMME of Plymouth
BURNETT of Story	HUSEMAN of Cherokee
MASCHER of Johnson	VEENSTRA of Sioux

H-6009 FILED APRIL 17, 1996

**WITHDRAWN**

4-18-96

(p. 1758)

## SENATE FILE 2370

H-6008

1 Amend Senate File 2370, as amended, passed, and  
2 reprinted by the Senate, as follows:  
3 1. By striking page 13, line 32, through page 14,  
4 line 3, and inserting the following:  
5 "Sec. \_\_\_\_ . It is the intent of the general  
6 assembly that a renewable energy supplier who has  
7 proceeded in good faith under the terms and conditions  
8 of sections 476.43 and 476.44 not suffer economic loss  
9 as a result of action or inaction taken by the state.  
10 These persons shall be reimbursed by the utilities for  
11 their reasonable good faith development costs as  
12 determined by the Iowa utilities board. A renewable  
13 energy supplier shall be deemed to have proceeded in  
14 good faith if the supplier has filed a petition by  
15 January 1, 1996, which requests enforcement of the  
16 provisions of sections 476.43 and 476.44 by requiring  
17 an electric utility to enter into a potential contract  
18 with the renewable energy supplier and an action is  
19 currently pending before the Iowa utilities board."  
20 2. By renumbering as necessary.

By VANDE HOEF of Osceola  
HOLVECK of Polk  
SHOULTZ of Black Hawk

BURNETT of Story  
WITT of Black Hawk  
MASCHER of Johnson

H-6008 FILED APRIL 17, 1996

WITHDRAWN

4-18-96

(P. 1758)

## SENATE FILE 2370

H-6006

1 Amend Senate File 2370, 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 422.51, Code 1995, is amended  
6 by adding the following new subsection:

7 NEW SUBSECTION. 5. The taxes remitted by a  
8 utility pursuant to this division shall be reduced by  
9 an intervenor compensation tax credit. A utility  
10 which has been ordered to pay another party's  
11 intervention costs pursuant to section 476.10B shall  
12 be eligible for the credit for the amount of the  
13 ordered payment."

14 2. Page 7, by inserting after line 16 the  
15 following:

16 "Sec. \_\_\_\_ . NEW SECTION. 476.10B INTERVENOR  
17 COMPENSATION.

18 1. The board shall order a utility to pay a  
19 party's intervention costs, not to exceed forty  
20 thousand dollars, in any administrative proceeding or  
21 proceeding conducted by the board under this chapter  
22 which relates to gas or electric utilities. The cost  
23 to a utility for intervenor compensation shall not be  
24 included in the utility's rates or charges to  
25 customers. Compensation shall be awarded for  
26 reasonable costs, including attorney's fees, expert  
27 witness fees, and transcripts, if the board determines  
28 that all of the following apply:

29 a. The intervenor is a customer or represents  
30 customers of the utility that is the subject of the  
31 proceeding, or has substantial interests that may be  
32 affected by the outcome of the proceeding.

33 b. The intervenor represents an interest material  
34 to the proceeding that is not adequately represented  
35 by other parties to the proceeding.

36 c. The intervenor cannot without undue financial  
37 hardship afford to pay the costs of participation or  
38 in the case of a group or organization, the intervenor  
39 advocates a position which, if adopted by the board,  
40 would not selectively confer economic benefits on  
41 individual members of the organization.

42 2. a. An intervenor shall file an application for  
43 compensation with the board within fourteen days after  
44 a notice of hearing is issued or on the same date  
45 initial comments are due in an uncontested case. The  
46 application shall include a clear statement of the  
47 interest represented by the intervenor, an itemized  
48 estimation of the costs of the intervention, and  
49 financial statements and other information necessary  
50 to establish undue financial hardship.

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1 b. Comments or objections to the application shall  
2 be filed with the board within ten days of the filing  
3 of the application, unless the board extends the time  
4 period for filing upon a finding of a reasonable  
5 justification for the delay.

6 c. Within thirty days of the receipt of the  
7 application for compensation, the board shall decide  
8 whether and in what amount compensation shall be  
9 authorized. The board may authorize the disbursement  
10 of partial payments, as an intervenor's work  
11 progresses, upon a showing by the intervenor that the  
12 payments are essential for effective participation in  
13 the proceeding.

14 d. The commission may authorize supplemental  
15 compensation in excess of the amount initially  
16 authorized if, for legitimate reasons, the costs of  
17 participation were underestimated or if additional  
18 funds would substantially improve the ability of the  
19 intervenor to contribute to the proceeding.

20 3. The intervenor shall file a claim for payment,  
21 within thirty days of issuance of a final decision in  
22 the proceeding for which compensation was authorized  
23 under this section. For the purposes of this section,  
24 "final determination" means the initial decision by  
25 the board but does not mean any order which may be  
26 entered by the board in response to a petition for  
27 rehearing or other relief. The claim shall include  
28 full documentation of fees and expenses, including the  
29 costs of studies, engineering reports, tests, or  
30 projects related to the proceeding. Documentation  
31 shall also include an affidavit from each attorney,  
32 agent, or expert witness that represented or appeared  
33 on behalf of the intervenor that states the specific  
34 services rendered, the actual time spent for each  
35 service, and the rate at which fees were computed for  
36 providing each service.

37 4. a. The board shall review each claim for  
38 payment, along with any other relevant material  
39 submitted. The board shall order payment of  
40 compensation within thirty days of the receipt of the  
41 claim, less any partial payments.

42 b. Payment may be denied for unauthorized  
43 expenses, upon a finding that the applicant failed to  
44 adequately represent the interest for which the  
45 application for compensation was approved, or for  
46 expenses related to testimony that is excluded from  
47 the record on the basis of a ruling by an  
48 administrative law judge or the board. An intervenor  
49 shall reimburse a public utility for any partial  
50 payments received that the board determines were not

H-6006

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Page 3

- 1 compensable under this section."
- 2 3. Title page, line 3, by inserting after the
- 3 word "mandates" the following: "and intervenor
- 4 compensation and tax credits".
- 5 4. By renumbering as necessary.

By WITT of Black Hawk	HOLVECK of Polk
VANDE HOEF of Osceola	FALLON of Polk
MASCHER of Johnson	HUSEMAN of Cherokee
BURNETT of Story	

H-6006 FILED APRIL 17, 1996  
**WITHDRAWN**  
 4-18-96 (P. 1758)

SENATE FILE 2370

H-6007

- 1 Amend Senate File 2370, as amended, passed, and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 11, by inserting after line 23 the
- 4 following:
- 5 "Sec. \_\_\_\_ . NEW SECTION. 476.46 NEW GENERATING
- 6 CAPACITY -- YEAR 2012.
- 7 A rate-regulated electric utility shall be
- 8 prohibited from providing for new generating capacity,
- 9 other than by means of alternate energy production
- 10 facilities or small hydro facilities, until January 1,
- 11 2012."
- 12 2. By renumbering as necessary.

By VANDE HOEF of Osceola	MASCHER of Johnson
HOLVECK of Polk	BURNETT of Story
SHOULTZ of Black Hawk	WITT of Black Hawk

H-6007 FILED APRIL 17, 1996

**WITHDRAWN**  
 4-18-96  
 (P. 1758)

## SENATE FILE 2370

-6004

1 Amend Senate File 2370 as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. By striking page 11, line 30, through page 12,  
 4 line 13, and inserting the following: "rates or  
 5 charges. Except for current terms of existing  
 6 contractual obligations as exempted by the board, the  
 7 utility or its affiliates shall not, in providing  
 8 nonutility services, in any manner use the utility's  
 9 name or logo, or any property, equipment, or  
 10 facilities included as part of the utility's rate  
 11 base, or any employees, other than corporate officers,  
 12 including those of the utility's affiliates, whose  
 13 salaries or benefits or both are included to any  
 14 extent as expenses recoverable in a rate case  
 15 proceeding, unless the utility is providing a  
 16 nonutility service in a community that does not have  
 17 adequate provision of nonutility services. The board  
 18 shall adopt rules to determine whether a community has  
 19 adequate provision of nonutility services."

By FALLON of Polk

H-6004 FILED APRIL 17, 1996

RAVIN  
 4-18-96

## SENATE FILE 2370

-6005

1 Amend Senate File 2370, as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. By striking page 12, line 29, through page 13,  
 4 line 16.  
 5 2. By renumbering as necessary.  
 By MASCHER of Johnson                      SHOULTZ of Black Hawk  
   BURNETT of Story                            HOLVECK of Polk  
   WITT of Black Hawk                        VANDE HOEF of Osceola

H-6005 FILED APRIL 17, 1996

o/o/order  
 4-18-96



## SENATE FILE 2370

H-5998

1 Amend Senate File 2370 as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. Page 4, line 9, by inserting after the word  
 4 "opportunities." the following: "Interruptible rates  
 5 shall not qualify as energy efficiency efforts."

By WITT of Black Hawk KLEMME of Plymouth  
 HOLVECK of Polk HUSEMAN of Cherokee  
 VANDE HOEF of Osceola

H-5998 FILED APRIL 17, 1996 4-18-96 (R 1758)

## SENATE FILE 2370

H-5999

1 Amend Senate File 2370, as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. Page 4, line 17, by inserting after the word  
 4 "board." the following: "The plans shall be developed  
 5 through a collaborative process which shall include  
 6 all interested stakeholders."

By BURNETT of Story MASCHER of Johnson  
 BERNAU of Story WITT of Black Hawk  
 HOLVECK of Polk

H-5999 FILED APRIL 17, 1996

WITHDRAWN 4-18-96

## SENATE FILE 2370

H-6000

1 Amend Senate File 2370, as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. Page 4, line 22, by striking the word "The"  
 4 and inserting the following: "In conjunction with the  
 5 energy bureau of the energy and geological resources  
 6 division of the department of natural resources, the".

By BURNETT of Story  
 MASCHER of Johnson

H-6000 FILED APRIL 17, 1996

o/o / order 4-18-96

## SENATE FILE 2370

H-5979

1 Amend Senate File 2370, as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. By striking page 12, line 29 through page 13,  
 4 line 5, and inserting the following:  
 5 "Sec. \_\_\_\_ . Section 476A.6, subsection 5, Code  
 6 1995, is amended by striking the subsection and  
 7 inserting in lieu thereof the following:"

By MASCHER of Johnson BURNETT of Story  
 SHOULTZ of Black Hawk HOLVECK of Polk

H-5979 FILED APRIL 17, 1996

o/o / order 4-18-96



SENATE FILE 2370

H-5980

1 Amend Senate File 2370, as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. Page 14, by inserting after line 3 the  
 4 following:  
 5 "Sec. \_\_\_\_ . RATE INCREASE MORATORIUM. The Iowa  
 6 utilities board shall not approve a rate increase for  
 7 a gas or electric utility subject to rate regulation  
 8 under chapter 476, for at least one year from the date  
 9 of the enactment of this Act."  
 10 2. By renumbering as necessary.

By WEIGEL of Chickasaw

H-5980 FILED APRIL 17, 1996

...DRAWN  
4-18-96

SENATE FILE 2370

H-5985

1 Amend Senate File 2370 as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. Page 4, line 5, by inserting after the word  
 4 "chapter" the following: "shall implement energy  
 5 efficiency plans so that each utility's annual  
 6 capacity and energy production are reduced by an  
 7 amount equivalent to at least one percent of each  
 8 utility's annual peak demand and at least one percent  
 9 of each utility's annual energy sales and".

SHOULTZ of Black Hawk	HOLVECK of Polk
MASCHER of Johnson	DODERER of Johnson
BURNETT of Story	WITT of Black Hawk

H-5985 FILED APRIL 17, 1996

WITHDRAWN 4-18-96

SENATE FILE 2370

H-5986

1 Amend Senate File 2370, as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. Page 4, line 5, by inserting after the word  
 4 "chapter" the following: "shall implement energy  
 5 efficiency plans so that each utility's annual  
 6 capacity and energy production are reduced by an  
 7 amount equivalent to at least two percent of each  
 8 utility's annual peak demand and at least two percent  
 9 of each utility's annual energy sales and".

By SHOULTZ of Black Hawk	HOLVECK of Polk
BURNETT of Story	MASCHER of Johnson
DODERER of Johnson	WITT of Black Hawk

H-5986 FILED APRIL 17, 1996

WITHDRAWN  
4-18-96

SENATE AMENDMENT TO HOUSE AMENDMENT TO  
SENATE FILE 2370

H-6065

1 Amend the House amendment, S-5818, to Senate File  
2 2370, as amended, passed, and reprinted by the Senate,  
3 as follows:

4 1. Page 1, by inserting after line 31, the  
5 following:

6 "\_\_\_\_\_. Page 11, by inserting before line 24, the  
7 following:

8 "Sec. 100. NEW SECTION. 476.46 ALTERNATE ENERGY  
9 REVOLVING LOAN PROGRAM.

10 1. The Iowa energy center created under section  
11 266.39C shall establish and administer an alternate  
12 energy revolving loan program to encourage the  
13 development of alternate energy production facilities  
14 and small hydro facilities within the state.

15 2. An alternate energy revolving loan fund is  
16 created in the office of the treasurer of state to be  
17 administered by the Iowa energy center. The fund  
18 shall include moneys remitted to the fund pursuant to  
19 subsection 3 and any other moneys appropriated or  
20 otherwise directed to the fund. Moneys in the fund  
21 shall be used to provide loans for the construction of  
22 alternate energy production facilities or small hydro  
23 facilities as defined in section 476.42. A gas or  
24 electric utility which is not required to be rate-  
25 regulated shall not be eligible for a loan under this  
26 section. A facility shall be eligible for no more  
27 than two hundred fifty thousand dollars in loans  
28 outstanding at any time under this program. Each loan  
29 shall be for a period not to exceed twenty years,  
30 shall bear no interest, and shall be repayable to the  
31 fund created under this section in installments as  
32 determined by the Iowa energy center. The interest  
33 rate upon delinquent payments shall accelerate  
34 immediately to the current legal usury limit. Any  
35 loan made pursuant to this program shall become due  
36 for payment upon sale of the facility for which the  
37 loan was made. Interest on the fund shall be  
38 deposited in the fund. Section 8.33 shall not apply  
39 to the moneys in the fund.

40 3. The board shall direct all gas and electric  
41 utilities required to be rate-regulated to remit to  
42 the treasurer of state by July 1, 1996, eighty-five  
43 one-thousandths of one percent of the total gross  
44 operating revenues during calendar year 1995 derived  
45 from their intrastate public utility operations, by  
46 July 1, 1997, eighty-five one-thousandths of one  
47 percent of the total gross operating revenues during  
48 calendar year 1996 derived from their intrastate  
49 public utility operations and by July 1, 1998, eighty-  
50 five one-thousandths of one percent of the total gross

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1 operating revenues during calendar year 1997 derived  
2 from their intrastate public utility operations. The  
3 amounts collected pursuant to this section shall be in  
4 addition to the amounts permitted to be assessed  
5 pursuant to section 476.10 and the amounts assessed  
6 pursuant to section 476.10A. The board shall allow  
7 inclusion of these amounts in the budgets approved by  
8 the board pursuant to section 476.6, subsection 19,  
9 paragraph "a".

10 2. Page 1, by inserting after line 35, the  
11 following:

12 "\_\_\_\_\_. Page 14, by inserting before line 4 the  
13 following:

14 "Sec. \_\_\_\_\_. Notwithstanding the restrictions  
15 contained in section 28F.1, third and fourth  
16 unnumbered paragraphs, and section 28F.7, a municipal  
17 utility may enter into an agreement with a public  
18 agency which has received for this purpose before the  
19 effective date of this Act a commitment for a United  
20 States department of energy grant, to jointly finance  
21 one wind turbine alternate energy production facility  
22 as defined in section 476.42 of not more than twenty  
23 megawatts nameplate-rated capacity, and to provide the  
24 municipal utility and other public or private agencies  
25 with electricity from the facility. An electric  
26 utility shall not be required to purchase electricity  
27 from such an alternate energy production facility  
28 pursuant to sections 476.43 and 476.44."

29 \_\_\_\_\_. Page 14, by inserting after line 5, the  
30 following:

31 "Sec. \_\_\_\_\_. Section 100 of this Act being deemed of  
32 immediate importance, takes effect upon enactment."

RECEIVED FROM THE SENATE

H-6065 FILED MAY 1, 1996

*House Concurred*  
5-1-96 (p.2104)

## SENATE FILE 2370

H-6026

1 Amend Senate File 2370, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 1, by striking lines 20 through 23.

4 2. By striking page 1, line 31, through page 2,  
5 line 5.

6 3. Page 3, line 29, by inserting after the word  
7 "cost-effective." the following: "In determining the  
8 cost-effectiveness of an energy efficiency plan, the  
9 board shall apply the societal test, utility cost  
10 test, rate-payer impact test, and participant test."

11 4. Page 4, by striking lines 18 through 27 and  
12 inserting the following:

13 "b. A gas and electric utility required to be  
14 rate-regulated under this chapter shall assess  
15 potential energy and capacity savings available from  
16 actual and projected customer usage by applying  
17 commercially available technology and improved  
18 operating practices to energy-using equipment and  
19 buildings. The utility shall submit the assessment to  
20 the board. Upon receipt of the assessment, the board  
21 shall consult with the energy bureau of the division  
22 of energy and geological resources of the department  
23 of natural resources to develop specific capacity and  
24 energy savings performance standards for each utility.  
25 The utility shall submit an energy efficiency plan  
26 which shall include economically achievable programs  
27 designed to attain these energy and capacity  
28 performance standards."

29 5. Page 6, by striking lines 3 through 18.

30 6. By striking page 7, line 17, through page 11,  
31 line 23.

32 7. By striking page 12, line 29, through page 13,  
33 line 16.

34 8. By striking page 13, line 18, through page 14,  
35 line 3.

36 9. Title page, line 1, by striking the words "and  
37 alternate energy".

38 10. Title page, line 6, by striking the words  
39 "and providing an applicability provision".

40 11. By renumbering as necessary.

By NUTT of Woodbury  
WITT of Black Hawk  
HOLVECK of Polk

VANDE HOEF of Osceola  
SHOULTZ of Black Hawk  
BURNETT of Story

H-6026 FILED APRIL 18, 1996

*Adopted*  
*4-18-96*  
*(P. 1759)*

SENATE FILE 2370

H-6020

1 Amend Senate File 2370, as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. By striking page 10, line 27, through page 11,  
 4 line 2, and inserting the following:  
 5 "b. The board shall provide that a minimum of  
 6 thirty percent of the required purchase of alternate  
 7 energy under this subsection shall be in accordance  
 8 with".

9 2. Page 11, by striking lines 21 through 23 and  
 10 inserting the following: "megawatts."

By SHOULTZ of Black Hawk BURNETT of Story  
 HOLVECK of Polk MASCHER of Johnson  
 FALLON of Polk

H-6020 FILED APRIL 18, 1996

*o/o/order 4-18-96*

SENATE FILE 2370

H-6021

1 Amend Senate File 2370, as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. By striking page 10, line 27, through page 11,  
 4 line 13, and inserting the following:  
 5 "b. The board shall provide that a minimum of  
 6 thirty percent of the required purchase of alternate  
 7 energy under this subsection shall be from a  
 8 combination of the following:

- 9 (1) Dedicated energy crops grown within the state.
- 10 (2) Agricultural wastes produced from agricultural
- 11 crops grown within the state.
- 12 (3) Small-scale wind generation projects of six
- 13 hundred kilowatts or less located within the state.
- 14 (4) Small-scale hydro facilities."

15 2. Page 11, by striking lines 21 through 23 and  
 16 inserting the following: "megawatts."

By SHOULTZ of Black Hawk  
 MASCHER of Johnson  
 BURNETT of Story

H-6021 FILED APRIL 18, 1996

*o/o/order 4-18-96*

HOUSE AMENDMENT TO  
SENATE FILE 2370

S-5818

- 1 Amend Senate File 2370, as amended, passed, and  
2 reprinted by the Senate, as follows:
- 3 1. Page 1, by striking lines 20 through 23.  
4 2. By striking page 1, line 31, through page 2,  
5 line 5.  
6 3. Page 3, line 29, by inserting after the word  
7 "cost-effective." the following: "In determining the  
8 cost-effectiveness of an energy efficiency plan, the  
9 board shall apply the societal test, utility cost  
10 test, rate-payer impact test, and participant test."  
11 4. Page 4, by striking lines 18 through 27 and  
12 inserting the following:  
13 "b. A gas and electric utility required to be  
14 rate-regulated under this chapter shall assess  
15 potential energy and capacity savings available from  
16 actual and projected customer usage by applying  
17 commercially available technology and improved  
18 operating practices to energy-using equipment and  
19 buildings. The utility shall submit the assessment to  
20 the board. Upon receipt of the assessment, the board  
21 shall consult with the energy bureau of the division  
22 of energy and geological resources of the department  
23 of natural resources to develop specific capacity and  
24 energy savings performance standards for each utility.  
25 The utility shall submit an energy efficiency plan  
26 which shall include economically achievable programs  
27 designed to attain these energy and capacity  
28 performance standards."  
29 5. Page 6, by striking lines 3 through 18.  
30 6. By striking page 7, line 17, through page 11,  
31 line 23.  
32 7. By striking page 12, line 29, through page 13,  
33 line 16.  
34 8. By striking page 13, line 18, through page 14,  
35 line 3.  
36 9. Title page, line 1, by striking the words "and  
37 alternate energy".  
38 10. Title page, line 6, by striking the words  
39 "and providing an applicability provision".  
40 11. By renumbering as necessary.

RECEIVED FROM THE HOUSE

S-5818 FILED APRIL 18, 1996

*Senate Concurred*  
*5/1/96 (P. 1574)*

S-5823

1 Amend the House amendment, S-5818, to Senate File  
2 2370, as amended, passed, and reprinted by the Senate,  
3 as follows:

4 1. Page 1, line 35, by striking the figure "3."  
5 and inserting the following: "3 and inserting the  
6 following:

7 "Sec. \_\_\_\_ . It is the intent of the general  
8 assembly that an energy supplier who has proceeded in  
9 good faith under the terms and conditions of chapter  
10 476 not suffer economic loss as a result of action or  
11 inaction taken by the state. These persons shall be  
12 reimbursed by the utilities for their reasonable good  
13 faith costs as determined by the Iowa utilities board.  
14 An energy supplier shall be deemed to have proceeded  
15 in good faith if the supplier has filed a petition by  
16 January 1, 1996, which requests enforcement of the  
17 provisions of sections 476.43 and 476.44 by requiring  
18 an electric utility to enter into a potential contract  
19 with the energy supplier and an action is currently  
20 pending before the Iowa utilities board."

21 2. By renumbering as necessary.

By BILL FINK  
MARY LOU FREEMAN

MARY A. LUNDBY  
DENNIS H. BLACK

S-5823 FILED APRIL 22, 1996  
RULED OUT OF ORDER

*New Ruled in Order 5/1/96 P. 1571*

*New -* **WITHDRAWN**  
*5/1/96*  
*(P. 1573)*

SENATE FILE 2370

S-5824

1 Amend the House amendment, S-5818, to Senate File  
 2 2370, as amended, passed, and reprinted by the Senate,  
 3 as follows:  
 4 1. Page 1, line 31, by striking the figure "23."  
 5 and inserting the following: "23, and inserting the  
 6 following:  
 7 "Sec. \_\_\_\_ . Section 476.43, Code 1995, is amended  
 8 by adding the following new subsection:  
 9 NEW SUBSECTION. 7. The board shall require that  
 10 an electric utility enter into a long-term contract  
 11 pursuant to this section and section 476.44, by  
 12 January 1, 1997. An electric utility that fails to  
 13 comply with the contract requirements of this section  
 14 shall be subject to a civil penalty under section  
 15 476.51.""  
 16 2. By renumbering as necessary.

By MARY LOU FREEMAN DENNIS H. BLACK  
 BERL E. PRIEBE ALLEN BORLAUG  
 BILL FINK

S-5824 FILED APRIL 22, 1996  
 RULED OUT OF ORDER (P.1460)

*Now Ruled in Order 5/1/96 (P.1571)  
 Now Lost 5/1/96 (P.1572)*

SENATE FILE 2370

S-5825

1 Amend the House amendment, S-5818, to Senate File  
 2 2370, as amended, passed, and reprinted by the Senate,  
 3 as follows:  
 4 1. Page 1, by striking lines 3 through 5.  
 5 2. Page 1, by striking line 29.  
 6 3. Page 1, by striking lines 30 and 31.  
 7 4. Page 1, by striking lines 34 through 37.  
 8 5. Page 1, by striking lines 38 and 39.  
 9 6. By renumbering as necessary.

By MARY LOU FREEMAN DENNIS H. BLACK  
 BERL E. PRIEBE ALLEN BORLAUG  
 BILL FINK

S-5825 FILED APRIL 22, 1996  
 ADOPTED, MOTION TO RECONSIDER FILED

*(P.1460)  
 Motion to R/c - adopted 5/1/96  
 Lost 5/1/96 (P.1571)*

## SENATE FILE 2370

S-5826

1 Amend the House amendment, S-5818, to Senate File  
2 2370, as amended, passed, and reprinted by the Senate,  
3 as 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 "Section 1. Section 422.51, Code 1995, is amended  
9 by adding the following new subsection:  
10 NEW SUBSECTION. 5. The taxes remitted pursuant to  
11 this division shall be reduced by an alternate energy  
12 purchase tax credit. An electric utility which has  
13 purchased electricity from an alternate energy  
14 production facility or small hydro facility pursuant  
15 to section 476.43 shall be granted the credit. The  
16 credit shall equal the difference between the  
17 competitively bid rate per kilowatt hour that the  
18 utility paid for purchase of the electricity and the  
19 rate which is equivalent to the utility's total annual  
20 average cost per kilowatt hour of electricity for the  
21 year prior to the year in which the utility entered  
22 into the contract for purchase of the alternate  
23 energy. A utility's total annual average cost per  
24 kilowatt hour shall be calculated by dividing annual  
25 operating expenses by the total annual number of  
26 kilowatt hours sold. This difference shall be used to  
27 determine the alternate energy purchase tax credit for  
28 the remainder of the term of the contract. The tax  
29 credit shall not be less than zero."  
30 2. Page 1, by inserting before line 30 the  
31 following:  
32 "\_\_\_\_. Page 6, by inserting before line 19 the  
33 following: "Moneys allocated to the general fund  
34 pursuant to this subsection, shall be used to offset  
35 the alternate energy purchase tax credit under section  
36 422.51."  
37 3. Page 1, by inserting after line 31 the  
38 following:  
39 "\_\_\_\_. Page 9, by inserting after line 25 the  
40 following:  
41 "Sec. \_\_\_\_ . Section 476.43, Code 1995, is amended  
42 by adding the following new subsection:  
43 NEW SUBSECTION. 7. An electric utility purchasing  
44 alternate energy pursuant to this section shall be  
45 entitled to an alternate energy purchase tax credit.  
46 The electric utility shall reflect the tax credit  
47 received by the utility in the utility's automatic  
48 adjustment pursuant to section 476.6, subsection 11.  
49 The credit shall be equal to the difference between  
50 the kilowatt hour rate established through the

5826

-1-

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Page 2

1 competitive bidding process and the rate that is  
2 equivalent to the utility's total annual average cost  
3 per kilowatt hour of electricity for the year prior to  
4 the year in which the utility entered into the  
5 contract for purchase of the alternate energy as  
6 determined under section 422.51, subsection 5.""  
7 4. Page 1, by inserting after line 37 the  
8 following:  
9 "\_\_\_\_. Title page, line 5, by inserting after the  
10 word "state" the following: ", providing an alternate  
11 energy purchase tax credit, "."  
12 5. By renumbering as necessary.

By MARY LOU FREEMAN

MARY A. LUNDBY

BERL E. PRIEBE

BILL FINK

DENNIS H. BLACK

ALLEN BORLAUG

S-5826 FILED APRIL 22, 1996  
DEFERRED

*Lost 5/1/96 (p. 1573)*

SENATE FILE 2370

S-5844

1 Amend the House amendment, S-5818, to Senate File  
2 2370, as amended, passed, and reprinted by the Senate,  
3 as follows:  
4 1. Page 1, by inserting after line 31 the  
5 following:  
6 "\_\_\_\_. Page 11, by inserting before line 24 the  
7 following:  
8 "Sec. \_\_\_\_ . NEW SECTION. 476.46 LEGISLATIVE  
9 INTENT -- SERVICE TERRITORY EXCEPTIONS.  
10 It is the intent of the general assembly that an  
11 energy supplier who has proceeded in good faith under  
12 the terms and conditions of chapter 476 not suffer  
13 economic loss as a result of action or inaction taken  
14 by the state. Notwithstanding the service territory  
15 restrictions contained in chapter 476, an energy  
16 supplier who has entered into a contract prior to  
17 January 1, 1996, to supply a local governmental entity  
18 with electricity, shall be allowed to do so."  
19 2. By renumbering as necessary.

By ROD HALVORSON

S-5844 FILED APRIL 25, 1996

WITHDRAWN

5/1/96 (P. 1572)

SENATE FILE 2370

S-5883

1 Amend the amendment, S-5880, to the House  
2 amendment, S-5818, to Senate File 2370 as amended,  
3 passed, and reprinted by the Senate, as follows:  
4 1. Page 1, line 40, by striking the words "gas  
5 and".

By DENNIS H. BLACK

S-5883 FILED MAY 1, 1996

LOST

(P. 1573)

## SENATE FILE 2370

S-5847

Amend the House amendment, S-5818, to Senate File  
2370, as amended, passed, and reprinted by the Senate,  
as follows:

1. Page 1, line 35, by striking the figure "3."  
and inserting the following: "3 and inserting the  
following:

"Sec. \_\_\_\_\_. It is the intent of the general  
assembly that a hydroelectric energy supplier who has  
proceeded in good faith under the terms and conditions  
of chapter 476 not suffer economic loss as a result of  
action or inaction taken by the state.

Notwithstanding the service territory restrictions  
contained in chapter 476, a hydroelectric energy  
supplier who has entered into an agreement prior to  
January 1, 1996, to supply a local governmental entity  
with electricity, shall be allowed to do so."

2. By renumbering as necessary.

By ROD HALVORSON

WIT

5/1/96 (P. 1573)

S-5847 FILED APRIL 25, 1996

## SENATE FILE 2370

S-5848

Amend the House amendment, S-5818, to Senate File  
2370, as amended, passed, and reprinted by the Senate,  
as follows:

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

"\_\_\_\_\_. Page 2, by inserting after line 21 the  
following:

"Sec. \_\_\_\_\_. Section 476.1B, Code 1995, is amended  
by adding the following new subsection:

NEW SUBSECTION. 3. Notwithstanding the  
restrictions contained in sections 28F.1 and 28F.7, a  
municipal utility may enter into an agreement with a  
public agency or entity pursuant to chapter 28E or 28F  
in order to jointly finance alternative energy  
facilities to provide the municipal utility and other  
public agencies with electricity from alternate energy  
facilities."

By BILL FINK

S-5848 FILED APRIL 25, 1996

WITHDRAWN

5/1/96

(P. 1571)

SENATE FILE 2370

S-5851

1 Amend the amendment, S-5825, to House amendment, S-  
2 5818, to Senate File 2370, as amended, passed, and  
3 reprinted by the Senate, as follows:

4 1. Page 1, by striking line 7 and inserting the  
5 following:

6 "\_\_\_\_. Page 1, by striking lines 34 and 35 and  
7 inserting the following:

8 "\_\_\_\_. Page 14, by inserting before line 4 the  
9 following:

10 "Sec. \_\_\_\_\_. It is the intent of the general  
11 assembly that an energy supplier who has proceeded in  
12 good faith under the terms and conditions of chapter  
13 476 not suffer economic loss as a result of action or  
14 inaction taken by the state. These persons shall be  
15 reimbursed by the utilities for their reasonable good  
16 faith costs as determined by the Iowa utilities board.  
17 An energy supplier shall be deemed to have proceeded  
18 in good faith if the supplier has made a written  
19 request to the board by January 1, 1996, requesting  
20 enforcement of the provisions of sections 476.43 and  
21 476.44 by requiring an electric utility to enter into  
22 a potential contract with the energy supplier and an  
23 action is currently pending before the Iowa utilities  
24 board."

25 \_\_\_\_\_. Page 1, by striking lines 36 and 37."

26 2. By renumbering as necessary.

By BILL FINK

MARY A. LUNDBY

MARY LOU FREEMAN

DENNIS H. BLACK

S-5851 FILED APRIL 25, 1996

*Withdrawn 5/1/96 (P.1571)*

SENATE FILE 2370

S-5849

1 Amend the House amendment, S-5818, to Senate File  
2 2370, as amended, passed, and reprinted by the Senate,  
3 as follows:

4 1. Page 1, line 35, by striking the figure "3."  
5 and inserting the following: "3 and inserting the  
6 following:

7 "Sec. \_\_\_\_\_. It is the intent of the general  
8 assembly that an energy supplier who has proceeded in  
9 good faith under the terms and conditions of chapter  
10 476 not suffer economic loss as a result of action or  
11 inaction taken by the state. These persons shall be  
12 reimbursed by the utilities for their reasonable good  
13 faith costs as determined by the Iowa utilities board.  
14 An energy supplier shall be deemed to have proceeded  
15 in good faith if the supplier has made a written  
16 request to the board by January 1, 1996, requesting  
17 enforcement of the provisions of sections 476.43 and  
18 476.44 by requiring an electric utility to enter into  
19 a potential contract with the energy supplier and an  
20 action is currently pending before the Iowa utilities  
21 board.""

22 2. By renumbering as necessary.

By BILL FINK

MARY A. LUNDBY

MARY LOU FREEMAN

DENNIS H. BLACK

S-5849 FILED APRIL 25, 1996

WITHDRAWN

5/1/96 (P.1573)

## SENATE FILE 2370

S-5845

1 Amend the House amendment, S-5818, to Senate File  
2 2370, as amended, passed, and reprinted by the Senate,  
3 as follows:

4 1. Page 1, by inserting after line 31 the  
5 following:

6 "\_\_\_\_. Page 11, by inserting before line 24 the  
7 following:

8 "Sec. \_\_\_\_ . NEW SECTION. 476.46 LEGISLATIVE  
9 INTENT -- SERVICE TERRITORY EXCEPTIONS.

10 It is the intent of the general assembly that a  
11 hydroelectric energy supplier who has proceeded in  
12 good faith under the terms and conditions of chapter  
13 476 not suffer economic loss as a result of action or  
14 inaction taken by the state. Notwithstanding the  
15 service territory restrictions contained in chapter  
16 476, a hydroelectric energy supplier who has entered  
17 into an agreement prior to January 1, 1996, to energy  
18 supply a local governmental entity with electricity,  
19 shall be allowed to do so.""

20 2. By renumbering as necessary.

**WITHDRAWN**

By ROD HALVORSON

S-5845 FILED APRIL 25, 1996  
*5-1-96 (P. 1573)*

## SENATE FILE 2370

S-5846

1 Amend the House amendment, S-5818, to Senate File  
2 2370, as amended, passed, and reprinted by the Senate,  
3 as follows:

4 1. Page 1, by inserting after line 31 the  
5 following:

6 "\_\_\_\_. Page 11, by inserting before line 24 the  
7 following:

8 "Sec. \_\_\_\_ . NEW SECTION. 476.46 LEGISLATIVE  
9 INTENT -- SERVICE TERRITORY EXCEPTIONS.

10 It is the intent of the general assembly that a  
11 hydroelectric energy supplier who has proceeded in  
12 good faith under the terms and conditions of chapter  
13 476 not suffer economic loss as a result of action or  
14 inaction taken by the state. Notwithstanding the  
15 service territory restrictions contained in chapter  
16 476, a hydroelectric energy supplier who has entered  
17 into an agreement prior to January 1, 1996, to supply  
18 a local governmental entity with hydro-generated  
19 electricity, shall be allowed to do so.""

20 2. By renumbering as necessary.

By ROD HALVORSON

S-5846 FILED APRIL 25, 1996

*Lost 5/1/96 (P. 1572)*

## SENATE FILE 2370

S-5880

1 Amend the House amendment, S-5818, to Senate File  
2 2370, as amended, passed, and reprinted by the Senate,  
3 as follows:

4 1. Page 1, by inserting after line 31, the  
5 following:

6 "\_\_\_\_. Page 11, by inserting before line 24, the  
7 following:

8 "Sec. 100. NEW SECTION. 476.46 ALTERNATE ENERGY  
9 REVOLVING LOAN PROGRAM.

10 1. The Iowa energy center created under section  
11 266.39C shall establish and administer an alternate  
12 energy revolving loan program to encourage the  
13 development of alternate energy production facilities  
14 and small hydro facilities within the state.

15 2. An alternate energy revolving loan fund is  
16 created in the office of the treasurer of state to be  
17 administered by the Iowa energy center. The fund  
18 shall include moneys remitted to the fund pursuant to  
19 subsection 3 and any other moneys appropriated or  
20 otherwise directed to the fund. Moneys in the fund  
21 shall be used to provide loans for the construction of  
22 alternate energy production facilities or small hydro  
23 facilities as defined in section 476.42. A gas or  
24 electric utility which is not required to be rate-  
25 regulated shall not be eligible for a loan under this  
26 section. A facility shall be eligible for no more  
27 than two hundred fifty thousand dollars in loans  
28 outstanding at any time under this program. Each loan  
29 shall be for a period not to exceed twenty years,  
30 shall bear no interest, and shall be repayable to the  
31 fund created under this section in installments as  
32 determined by the Iowa energy center. The interest  
33 rate upon delinquent payments shall accelerate  
34 immediately to the current legal usury limit. Any  
35 loan made pursuant to this program shall become due  
36 for payment upon sale of the facility for which the  
37 loan was made. Interest on the fund shall be  
38 deposited in the fund. Section 8.33 shall not apply  
39 to the moneys in the fund.

40 3. The board shall direct all gas and electric  
41 utilities required to be rate-regulated to remit to  
42 the treasurer of state by July 1, 1996, eighty-five  
43 one-thousandths of one percent of the total gross  
44 operating revenues during calendar year 1995 derived  
45 from their intrastate public utility operations, by  
46 July 1, 1997, eighty-five one-thousandths of one  
47 percent of the total gross operating revenues during  
48 calendar year 1996 derived from their intrastate  
49 public utility operations and by July 1, 1998, eighty-  
50 five one-thousandths of one percent of the total gross

S-5880

-1-

S-5880

Page 2

1 operating revenues during calendar year 1997 derived  
2 from their intrastate public lottery operations. The  
3 amounts collected pursuant to this section shall be in  
4 addition to the amounts permitted to be assessed  
5 pursuant to section 476.10 and the amounts assessed  
6 pursuant to section 476.10A. The board shall allow  
7 inclusion of these amounts in the budgets approved by  
8 the board pursuant to section 476.6, subsection 19,  
9 paragraph "a".

10 2. Page 1, by inserting after line 35, the  
11 following:

12 "\_\_\_\_\_. Page 14, by inserting before line 4 the  
13 following:

14 "Sec. \_\_\_\_\_. Notwithstanding the restrictions  
15 contained in section 28F.1, third and fourth  
16 unnumbered paragraphs, and section 28F.7, a municipal  
17 utility may enter into an agreement with a public  
18 agency which has received for this purpose before the  
19 effective date of this Act a commitment for a United  
20 States department of energy grant, to jointly finance  
21 one wind turbine alternate energy production facility  
22 as defined in section 476.42 of not more than twenty  
23 megawatts nameplate-rated capacity, and to provide the  
24 municipal utility and other public or private agencies  
25 with electricity from the facility. An electric  
26 utility shall not be required to purchase electricity  
27 from such an alternate energy production facility  
28 pursuant to sections 476.43 and 476.44."

29 \_\_\_\_\_. Page 14, by inserting after line 5, the  
30 following:

31 "Sec. \_\_\_\_\_. Section 100 of this Act being deemed of  
32 immediate importance, takes effect upon enactment."

By MICHAEL E. GRONSTAL  
BILL FINK

S-5880 FILED MAY 1, 1996

ADOPTED (p.1573)

## SENATE FILE 2370

S-5882

1 Amend the amendment, S-5880, to the House  
2 amendment, S-5818, to Senate File 2370 as amended,  
3 passed, and reprinted by the Senate as follows:  
4 1. Page 2, line 2, by striking the word "lottery"  
5 and inserting the following: "utility".

By MICHAEL E. GRONSTAL

S-5882 FILED MAY 1, 1996

ADOPTED

(p.1573)

*Gronstal  
Deluhery  
Tensen*

SSB-2195  
*Commerce*

Succeeded By  
SENATE FILE SF HF 2370  
BY (PROPOSED COMMITTEE  
ON COMMERCE BILL BY  
CHAIRPERSON DELUHERY)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to energy efficiency programs, electric and gas  
2 public utility energy efficiency mandates, and funding for the  
3 Iowa energy center and the center for global and regional  
4 environmental research.

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

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23

1 ~~Section 1.~~ Section 476.1, unnumbered paragraph 7, Code  
2 1995, is amended to read as follows:

3 The jurisdiction of the board under this chapter shall  
4 include programs efforts designed to promote the use of energy  
5 efficiency strategies by rate or service-regulated gas and  
6 electric utilities. ~~These programs shall be cost-effective.~~  
7 ~~The board may initiate these programs as pilot projects to~~  
8 ~~accumulate sufficient data to determine if the programs meet~~  
9 ~~the requirements of this paragraph.~~

10 Sec. 2. Section 476.1A, subsections 5 and 6, Code 1995,  
11 are amended to read as follows:

12 5. Assessment of fees for the support of the Iowa energy  
13 center created in section 266.39C and the center for global  
14 warming and regional environmental research established by the  
15 state board of regents.

16 6. Filing energy efficiency plans and energy efficiency  
17 results with the board. The energy efficiency plans as a  
18 whole shall be cost-effective. The board may permit these  
19 utilities to file joint plans.

20 Sec. 3. Section 476.1A, unnumbered paragraph 2, Code 1995,  
21 is amended to read as follows:

22 The board may waive all or part of the energy efficiency  
23 filing and review requirements for electric cooperative  
24 corporations and associations and electric public utilities  
25 which demonstrate superior results with existing energy  
26 efficiency programs efforts.

27 Sec. 4. Section 476.1B, subsection 1, paragraphs k and l,  
28 Code 1995, are amended to read as follows:

29 k. Assessment of fees for the support of the Iowa energy  
30 center created in section 266.39C and the ~~global-warming~~  
31 center for global and regional environmental research created  
32 by the state board of regents.

33 l. Filing energy efficiency plans and energy efficiency  
34 results with the board. The energy efficiency plans as a  
35 whole shall be cost-effective. The board may permit these

1 utilities to file joint plans.

2 Sec. 5. Section 476.1B, subsection 2, Code 1995, is  
3 amended to read as follows:

4 2. The board may waive all or part of the energy  
5 efficiency filing and review requirements for municipally  
6 owned utilities which demonstrate superior results with  
7 existing energy efficiency ~~programs~~ efforts.

8 Sec. 6. Section 476.1C, subsection 1, unnumbered paragraph  
9 2, Code 1995, is amended to read as follows:

10 Gas public utilities having fewer than two thousand  
11 customers shall be subject to the assessment of fees for the  
12 support of the Iowa energy center created in section 266.39C  
13 and the ~~global-warming~~ center for global and regional  
14 environmental research created by the state board of regents  
15 and shall file energy efficiency plans and energy efficiency  
16 results with the board. The energy efficiency plans as a  
17 whole shall be cost-effective. The board may waive all or  
18 part of the energy efficiency filing requirements if the gas  
19 utility demonstrates superior results with existing energy  
20 efficiency ~~programs~~ efforts.

21 Sec. 7. Section 476.2, subsections 5, 6, and 7, Code 1995,  
22 are amended by striking the subsections.

23 Sec. 8. Section 476.6, subsection 17, Code 1995, is  
24 amended by striking the subsection and inserting in lieu  
25 thereof the following:

26 17. ENERGY EFFICIENCY PLANS. Electric and gas public  
27 utilities shall offer energy efficiency programs and services  
28 to their customers through energy efficiency plans. An energy  
29 efficiency plan as a whole shall be cost-effective. Energy  
30 efficiency programs for qualified low-income persons and for  
31 tree planting programs need not be cost-effective and shall  
32 not be considered in determining cost-effectiveness of plans  
33 as a whole. The energy efficiency programs and services in  
34 the plans may be provided by the utility or by a contractor or  
35 agent of the utility.

1     Sec. 9. Section 476.6, subsection 19, paragraphs a through  
2 f, Code 1995, are amended by striking the paragraphs and  
3 inserting in lieu thereof the following:

4     a. Rate-regulated gas and electric utilities shall file  
5 energy efficiency plans with the board. An energy efficiency  
6 plan and budget shall include a range of programs, tailored to  
7 the needs of customers for energy efficiency opportunities.  
8 The plans shall include programs for qualified low-income  
9 persons.

10    b. An energy efficiency plan shall assess potential energy  
11 and capacity savings available from actual and projected  
12 customer usage by applying commercially available technology  
13 and improved operating practices to energy-using equipment and  
14 buildings. The plan shall include economically achievable  
15 programs designed to attain these potential energy and  
16 capacity savings.

17    c. The board shall conduct contested case proceedings for  
18 review of energy efficiency plans and budgets filed by rate-  
19 regulated gas or electric utilities. The board may approve,  
20 reject, or modify the plans and budgets. Notwithstanding the  
21 provisions of section 17A.19, subsection 5, in an application  
22 for judicial review of the board's decision concerning a  
23 utility's energy efficiency plan or budget, the reviewing  
24 court shall not order a stay. Whenever a request to modify an  
25 approved plan or budget is filed subsequently by the office of  
26 consumer advocate or a rate-regulated gas or electric utility,  
27 the board shall promptly initiate a formal proceeding if the  
28 board determines that any reasonable ground exists for  
29 investigating the request. The formal proceeding may be  
30 initiated at any time by the board on its own motion.  
31 Implementation of board approved plans or budgets shall be  
32 considered continuous in nature and shall be subject to  
33 investigation at any time by the board or the office of the  
34 consumer advocate.

35    d. Notice to customers of a contested case proceeding for

1 review of energy efficiency plans and budgets shall be in a  
2 manner prescribed by the board.

3 e. A gas or electric rate-regulated public utility may  
4 recover, through an automatic adjustment mechanism filed  
5 pursuant to subsection 11, over a period not to exceed the  
6 term of the plan, the costs of an energy efficiency plan  
7 approved by the board, including amounts for a plan approved  
8 prior to July 1, 1996, in a contested case proceeding  
9 conducted pursuant to paragraph "c". The board may  
10 periodically conduct a contested case proceeding to evaluate  
11 the reasonableness and prudence of the utility's  
12 implementation of an approved energy efficiency plan and  
13 budget. If a utility is not taking all reasonable actions to  
14 cost-effectively implement an approved energy efficiency plan,  
15 the board shall not allow the utility to recover from  
16 customers costs in excess of those costs that would be  
17 incurred under reasonable and prudent implementation. The  
18 utility shall not represent energy efficiency in customer  
19 billings as a separate cost or expense unless the board  
20 otherwise approves.

21 Sec. 10. Section 476.6, subsection 21, Code 1995, is  
22 amended to read as follows:

23 21. ENERGY EFFICIENCY PROGRAM FINANCING. The board may  
24 require each rate-regulated gas or electric public utility to  
25 offer qualified customers the opportunity to enter into an  
26 agreement with the utility, or a contractor or agent of the  
27 utility, for the amount of moneys reasonably necessary to  
28 finance cost-effective energy efficiency improvements to the  
29 qualified customers' residential dwellings or businesses.

30 Sec. 11. Section 476.10A, Code 1995, is amended to read as  
31 follows:

32 476.10A FUNDING FOR IOWA ENERGY CENTER AND GLOBAL-WARMING  
33 CENTER FOR GLOBAL AND REGIONAL ENVIRONMENTAL RESEARCH.

34 1. The board shall direct all gas and electric utilities  
35 to remit to the treasurer of state one-tenth-of-one-percent

1 the following:

2 a. Through June 30, 1997, one-tenth of one percent of the  
3 total gross operating revenues during the last calendar year  
4 derived from their the utility's intrastate public utility  
5 operations. ~~The board shall by rule provide a schedule for~~  
6 ~~remittances which shall require that the first remittance be~~  
7 ~~made not before July 1, 1991.~~

8 b. From July 1, 1997, through June 30, 2000, eighty-five  
9 one-thousandths of one percent of the total gross operating  
10 revenues during the last calendar year derived from the  
11 utility's intrastate public utility operations.

12 2. The amounts collected pursuant to this section shall be  
13 in addition to the amounts permitted to be assessed pursuant  
14 to section 476.10. The board shall allow inclusion of these  
15 amounts in the budgets approved by the board pursuant to  
16 section 476.6, subsection 19, paragraph "a" "c". Eighty-five

17 3. a. Of the amounts collected under this section, for  
18 the fiscal year beginning July 1, 1996, and ending June 30,  
19 1997, eighty-five percent of the remittances collected  
20 pursuant to this section is appropriated to the Iowa energy  
21 center created in section 266.39C. ~~---Fifteen~~ , and fifteen  
22 percent of the remittances collected pursuant to this section  
23 is appropriated to the center for global warming and regional  
24 environmental research established by the state board of  
25 regents.

26 b. Of the amounts collected under this section from July  
27 1, 1997, through June 30, 2000, one hundred percent is  
28 appropriated each fiscal year to the Iowa energy center.

29 4. The center for global and regional environmental  
30 research shall submit a report to the general assembly and the  
31 governor by January 1, 1997, which describes the center's  
32 activities and the results that the center has accomplished.  
33 The Iowa energy center shall submit a report to the general  
34 assembly and the governor by January 1, 2000, which describes  
35 the center's activities and the results that the center has

1 accomplished.

2 5. Notwithstanding section 8.33, any unexpended moneys  
3 remitted to the treasurer of state under this section shall be  
4 retained for the purposes designated. Notwithstanding section  
5 12C.7, subsection 2, interest or earnings on investments or  
6 time deposits of the moneys remitted under this section shall  
7 be retained and used for the purposes designated.

8 Sec. 12. Section 476A.6, subsections 4 and 5, Code 1995,  
9 are amended by striking the subsections and inserting in lieu  
10 thereof the following:

11 4. The applicant, if a public utility as defined in  
12 section 476.1, has in effect an energy efficiency plan  
13 designed to reduce peak loads and to increase efficiency of  
14 use of energy, and the facility in the application is  
15 necessary notwithstanding the existence of the energy  
16 efficiency plan. As used in this subsection, "energy  
17 efficiency plan" includes at a minimum, cost-effective energy  
18 efficiency services and programs, including cost-effective  
19 load management and interruptible service programs.

20 5. The applicant, if a public utility as defined in  
21 section 476.1, shall demonstrate to the board that the utility  
22 has considered sources for long-term electric supply from  
23 either purchase of electricity or investment in facilities  
24 owned by other persons, including consideration of the  
25 following:

26 a. Wheeling agreements and other energy or capacity-  
27 sharing agreements, where cost-effective, with other sources  
28 that have available energy or capacity.

29 b. Establishment of renewable energy programs or purchase  
30 of electricity from renewable energy suppliers.

31 Sec. 13. Section 476.65, Code 1995, is repealed.

32 EXPLANATION

33 This bill makes several changes regarding energy efficiency  
34 programs and requirements. It changes "energy efficiency  
35 programs" to "energy efficiency efforts", and requires that

1 the energy efficiency plans submitted by rural electric  
2 cooperatives, municipal utilities, and certain gas utilities  
3 be cost-effective, as a whole, except for low-income programs  
4 and tree planting programs.

5 The bill strikes the requirement that an electric rate-  
6 regulated utility expend at least two percent and a gas rate-  
7 regulated utility expend at least one and one-half percent of  
8 gross operating revenues on implementation of the energy  
9 efficiency plan and budget, that the energy efficiency plan  
10 include specified programs and services, that a utility can be  
11 assessed a reward or a penalty based on energy efficiency  
12 performance, that a legislative interim committee be  
13 established in 1996 to review energy efficiency programs. The  
14 bill amends a provision allowing the board to require a  
15 utility to offer customers the opportunity to finance energy  
16 efficiency improvements.

17 Instead, the bill requires that rate-regulated gas and  
18 electric utilities file an energy efficiency plan and budget  
19 with the board. The energy efficiency plan must include a  
20 range of programs tailored to the needs of the customer, and  
21 must include programs for low-income persons. The plan must  
22 assess potential energy and capacity savings by applying  
23 commercially available technology and improved operating  
24 practices to energy-using buildings and equipment and must  
25 include economically achievable programs designed to attain  
26 potential energy and capacity savings.

27 The bill allows a gas or electric rate-regulated utility to  
28 automatically adjust rates over the time period of the energy  
29 efficiency plan if the plan was approved by the Iowa utilities  
30 board in a contested case proceeding and the schedule showing  
31 the automatic adjustment of rates and charges is first filed  
32 with the board. The bill provides that if a utility is not  
33 taking all reasonable actions to cost-effectively implement an  
34 approved energy efficiency plan, the board will not allow the  
35 recovery of costs in excess of those that would have been

1 incurred under reasonable and prudent implementation. The  
2 bill provides that a utility cannot list energy efficiency as  
3 a separate cost or expense in customer billings unless the  
4 board otherwise approves.

5 The bill changes funding for the Iowa energy center and the  
6 center for global and regional environmental research from  
7 one-tenth of one percent to eighty-five-one-thousandths of one  
8 percent of a utility's total gross operating revenues derived  
9 from intrastate operations beginning July 1, 1997. In  
10 addition, the bill stops funding for the center for global and  
11 regional environmental research on June 30, 1997. The bill  
12 requires both centers to provide a report to the governor and  
13 the general assembly which describes their operations and the  
14 results that have been accomplished.

15 The bill strikes a requirement that a utility seeking a  
16 certificate allowing construction of a new generating plant  
17 have a comprehensive energy management program and instead  
18 requires that an energy efficiency plan be in effect in  
19 addition to the requirement that a utility consider sources  
20 for long-term electricity supply from either purchase of  
21 electricity or investment in facilities owned by another  
22 person. The bill requires that the utility consider wheeling  
23 agreements and other energy or capacity-sharing agreements and  
24 the establishment of an alternate energy program or the  
25 purchase of alternate energy.

26 Finally, the bill repeals section 476.65 relating to energy  
27 audits.

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SENATE FILE 2370

AN ACT

RELATING TO ENERGY EFFICIENCY PROGRAMS, ELECTRIC AND GAS PUBLIC UTILITY ENERGY EFFICIENCY MANDATES, AND THE IOWA ENERGY CENTER AND THE CENTER FOR GLOBAL AND REGIONAL ENVIRONMENTAL RESEARCH AND REQUIRING THE LOCATION OF A PRINCIPAL OFFICE WITHIN THE STATE AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 476.1, unnumbered paragraph 7, Code 1995, is amended to read as follows:

The jurisdiction of the board under this chapter shall include programs efforts designed to promote the use of energy efficiency strategies by rate or service-regulated gas and electric utilities. ~~These programs shall be cost-effective. The board may initiate these programs as pilot projects to accumulate sufficient data to determine if the programs meet the requirements of this paragraph.~~

Sec. 2. Section 476.1A, subsections 5 and 6, Code 1995, are amended to read as follows:

5. Assessment of fees for the support of the Iowa energy center created in section 266.39C and the center for global warming and regional environmental research established by the state board of regents.

6. Filing energy efficiency plans and energy efficiency results with the board. The energy efficiency plans as a whole shall be cost-effective. The board may permit these utilities to file joint plans.

Sec. 3. Section 476.1A, unnumbered paragraph 2, Code 1995, is amended to read as follows:

The board may waive all or part of the energy efficiency filing and review requirements for electric cooperative

corporations and associations and electric public utilities which demonstrate superior results with existing energy efficiency programs efforts.

Sec. 4. Section 476.1B, subsection 1, paragraphs k and l, Code 1995, are amended to read as follows:

k. Assessment of fees for the support of the Iowa energy center created in section 266.39C and the global-warming center for global and regional environmental research created by the state board of regents.

1. Filing energy efficiency plans and energy efficiency results with the board. The energy efficiency plans as a whole shall be cost-effective. The board may permit these utilities to file joint plans.

Sec. 5. Section 476.1B, subsection 2, Code 1995, is amended to read as follows:

2. The board may waive all or part of the energy efficiency filing and review requirements for municipally owned utilities which demonstrate superior results with existing energy efficiency programs efforts.

Sec. 6. Section 476.1C, subsection 1, unnumbered paragraph 2, Code 1995, is amended to read as follows:

Gas public utilities having fewer than two thousand customers shall be subject to the assessment of fees for the support of the Iowa energy center created in section 266.39C and the global-warming center for global and regional environmental research created by the state board of regents and shall file energy efficiency plans and energy efficiency results with the board. The energy efficiency plans as a whole shall be cost-effective. The board may waive all or part of the energy efficiency filing requirements if the gas utility demonstrates superior results with existing energy efficiency programs efforts.

Sec. 7. Section 476.2, subsections 5, 6, and 7, Code 1995, are amended by striking the subsections and inserting in lieu thereof the following:

5. Each rate-regulated gas and electric utility operating within the state shall maintain within the state the utility's principal office for Iowa operations. The principal office shall be subject to the jurisdiction of the board and shall house those books, accounts, papers, and records of the utility deemed necessary by the board to be housed within the state. The utility shall maintain within the state administrative, technical, and operating personnel necessary for the delivery of safe and reasonably adequate services and facilities as required pursuant to section 476.8. A public utility which violates this section shall be subject to the penalties provided in section 476.51 and shall be denied authority to recover, for a period determined by the board, the costs of an energy efficiency plan pursuant to section 476.6, subsection 11.

6. The board shall provide the general assembly with a report on the energy efficiency planning efforts undertaken by utilities required to offer energy efficiency plans pursuant to section 476.6, subsection 17. The report shall be completed by January 1, 1998.

Sec. 8. Section 476.6, subsection 17, Code 1995, is amended by striking the subsection and inserting in lieu thereof the following:

17. ENERGY EFFICIENCY PLANS. Electric and gas public utilities shall offer energy efficiency programs to their customers through energy efficiency plans. An energy efficiency plan as a whole shall be cost-effective. In determining the cost-effectiveness of an energy efficiency plan, the board shall apply the societal test, utility cost test, rate-payer impact test, and participant test. Energy efficiency programs for qualified low-income persons and for tree planting programs need not be cost-effective and shall not be considered in determining cost-effectiveness of plans as a whole. The energy efficiency programs in the plans may be provided by the utility or by a contractor or agent of the utility.

Sec. 9. Section 476.6, subsection 19, paragraphs a through f, Code 1995, are amended by striking the paragraphs and inserting in lieu thereof the following:

a. Gas and electric utilities required to be rate-regulated under this chapter shall file energy efficiency plans with the board. An energy efficiency plan and budget shall include a range of programs, tailored to the needs of all customer classes, including residential, commercial, and industrial customers, for energy efficiency opportunities. The plans shall include programs for qualified low-income persons including a cooperative program with any community action agency within the utility's service area to implement countywide or communitywide energy efficiency programs for qualified low-income persons. Rate-regulated gas and electric utilities shall utilize Iowa agencies and Iowa contractors to the maximum extent cost-effective in their energy efficiency plans filed with the board.

b. A gas and electric utility required to be rate-regulated under this chapter shall assess potential energy and capacity savings available from actual and projected customer usage by applying commercially available technology and improved operating practices to energy-using equipment and buildings. The utility shall submit the assessment to the board. Upon receipt of the assessment, the board shall consult with the energy bureau of the division of energy and geological resources of the department of natural resources to develop specific capacity and energy savings performance standards for each utility. The utility shall submit an energy efficiency plan which shall include economically achievable programs designed to attain these energy and capacity performance standards.

c. The board shall conduct contested case proceedings for review of energy efficiency plans and budgets filed by gas and electric utilities required to be rate-regulated under this chapter. The board may approve, reject, or modify the plans

and budgets. Notwithstanding the provisions of section 17A.19, subsection 5, in an application for judicial review of the board's decision concerning a utility's energy efficiency plan or budget, the reviewing court shall not order a stay. Whenever a request to modify an approved plan or budget is filed subsequently by the office of consumer advocate or a gas or electric utility required to be rate-regulated under this chapter, the board shall promptly initiate a formal proceeding if the board determines that any reasonable ground exists for investigating the request. The formal proceeding may be initiated at any time by the board on its own motion. Implementation of board approved plans or budgets shall be considered continuous in nature and shall be subject to investigation at any time by the board or the office of the consumer advocate.

d. Notice to customers of a contested case proceeding for review of energy efficiency plans and budgets shall be in a manner prescribed by the board.

e. A gas or electric utility required to be rate-regulated under this chapter may recover, through an automatic adjustment mechanism filed pursuant to subsection 11, over a period not to exceed the term of the plan, the costs of an energy efficiency plan approved by the board, including amounts for a plan approved prior to July 1, 1996, in a contested case proceeding conducted pursuant to paragraph "c". The board shall periodically conduct a contested case proceeding to evaluate the reasonableness and prudence of the utility's implementation of an approved energy efficiency plan and budget. If a utility is not taking all reasonable actions to cost-effectively implement an approved energy efficiency plan, the board shall not allow the utility to recover from customers costs in excess of those costs that would be incurred under reasonable and prudent implementation and shall not allow the utility to recover future costs at a level other than what the board determines to be reasonable and prudent.

If the result of a contested case proceeding is a judgment against a utility, that utility's future level of cost recovery shall be reduced by the amount by which the programs were found to be imprudently conducted. The utility shall not represent energy efficiency in customer billings as a separate cost or expense unless the board otherwise approves.

Sec. 10. Section 476.10A, Code 1995, is amended to read as follows:

476.10A FUNDING FOR IOWA ENERGY CENTER AND GLOBAL-WARMING CENTER FOR GLOBAL AND REGIONAL ENVIRONMENTAL RESEARCH.

The board shall direct all gas and electric utilities to remit to the treasurer of state one-tenth of one percent of the total gross operating revenues during the last calendar year derived from their intrastate public utility operations. The board shall by rule provide a schedule for remittances which shall require that the first remittance be made not before July 1, 1991. The amounts collected pursuant to this section shall be in addition to the amounts permitted to be assessed pursuant to section 476.10. The board shall allow inclusion of these amounts in the budgets approved by the board pursuant to section 476.6, subsection 19, paragraph "a". Eighty-five percent of the remittances collected pursuant to this section is appropriated to the Iowa energy center created in section 266.39C. Fifteen percent of the remittances collected pursuant to this section is appropriated to the center for global warming and regional environmental research established by the state board of regents.

Notwithstanding section 8.33, any unexpended moneys remitted to the treasurer of state under this section shall be retained for the purposes designated. Notwithstanding section 12C.7, subsection 2, interest or earnings on investments or time deposits of the moneys remitted under this section shall be retained and used for the purposes designated.

The Iowa energy center and the center for global and regional environmental research shall each provide a written

annual report to the utilities board which describes each center's activities and the results that each center has accomplished. Each report shall include an explanation of initiatives and projects of importance to the state of Iowa.

Sec. 11. NEW SECTION. 476.46 ALTERNATE ENERGY REVOLVING LOAN PROGRAM.

1. The Iowa energy center created under section 266.39C shall establish and administer an alternate energy revolving loan program to encourage the development of alternate energy production facilities and small hydro facilities within the state.

2. An alternate energy revolving loan fund is created in the office of the treasurer of state to be administered by the Iowa energy center. The fund shall include moneys remitted to the fund pursuant to subsection 3 and any other moneys appropriated or otherwise directed to the fund. Moneys in the fund shall be used to provide loans for the construction of alternate energy production facilities or small hydro facilities as defined in section 476.42. A gas or electric utility which is not required to be rate-regulated shall not be eligible for a loan under this section. A facility shall be eligible for no more than two hundred fifty thousand dollars in loans outstanding at any time under this program. Each loan shall be for a period not to exceed twenty years, shall bear no interest, and shall be repayable to the fund created under this section in installments as determined by the Iowa energy center. The interest rate upon delinquent payments shall accelerate immediately to the current legal usury limit. Any loan made pursuant to this program shall become due for payment upon sale of the facility for which the loan was made. Interest on the fund shall be deposited in the fund. Section 8.33 shall not apply to the moneys in the fund.

3. The board shall direct all gas and electric utilities required to be rate-regulated to remit to the treasurer of state by July 1, 1996, eighty-five one-thousandths of one

percent of the total gross operating revenues during calendar year 1995 derived from their intrastate public utility operations, by July 1, 1997, eighty-five one-thousandths of one percent of the total gross operating revenues during calendar year 1996 derived from their intrastate public utility operations and by July 1, 1998, eighty-five one-thousandths of one percent of the total gross operating revenues during calendar year 1997 derived from their intrastate public utility operations. The amounts collected pursuant to this section shall be in addition to the amounts permitted to be assessed pursuant to section 476.10 and the amounts assessed pursuant to section 476.10A. The board shall allow inclusion of these amounts in the budgets approved by the board pursuant to section 476.6, subsection 19, paragraph "a".

Sec. 12. Section 476.78, Code 1995, is amended to read as follows:

476.78 CROSS-SUBSIDIZATION PROHIBITED.

A rate-regulated gas or electric public utility shall not directly or indirectly include any costs or expenses attributable to providing nonutility service in regulated rates or charges. Except for contracts existing as of July 1, 1996, a rate-regulated gas or electric public utility or its affiliates shall not use vehicles, service tools and instruments, or employees, the costs, salaries, or benefits of which are recoverable in the regulated rates for electric service or gas service to install, service, or repair residential or commercial gas or electric heating, ventilating, or air conditioning systems, or interior lighting systems and fixtures; or to sell at retail heating, ventilating, air conditioning, or interior lighting equipment. For the purpose of this section, "commercial" means a place of business primarily used for the storage or sale, at wholesale or retail, of goods, wares, services, or merchandise. Nothing in this section shall be construed to prohibit a rate-

regulated gas or electric public utility from using its utility vehicles, service tools and instruments, and employees to market systems, services, and equipment, to light pilots, or to eliminate a customer emergency or threat to public safety.

Sec. 13. Section 476.83, Code 1995, is amended by striking the section and inserting in lieu thereof the following:

476.83 COMPLAINTS.

Any person may file a written complaint with the board requesting that the board determine compliance by a rate-regulated gas or electric public utility with the provisions of section 476.78, 476.79, or 476.80, or any validly adopted rules to implement these sections. Upon the filing of a complaint, the board may promptly initiate a formal complaint proceeding and give notice of the proceeding and the opportunity for hearing. The formal complaint proceeding may be initiated at any time by the board on its own motion. The board shall render a decision in the proceeding within ninety days after the date the written complaint was filed, unless additional time is requested by the complainant.

Sec. 14. Section 476.65, Code 1995, is repealed.

Sec. 15. Notwithstanding the restrictions contained in section 28F.1, third and fourth unnumbered paragraphs, and section 28F.7, a municipal utility may enter into an agreement with a public agency which has received for this purpose before the effective date of this Act a commitment for a United States department of energy grant, to jointly finance one wind turbine alternate energy production facility as defined in section 476.42 of not more than twenty megawatts nameplate-rated capacity, and to provide the municipal utility and other public or private agencies with electricity from the facility. An electric utility shall not be required to purchase electricity from such an alternate energy production facility pursuant to sections 476.43 and 476.44.

Sec. 16. Section 7 of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 17. Section 11 of this Act, being deemed of immediate importance, takes effect upon enactment.

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LEONARD L. BOSWELL  
President of the Senate

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RON J. CORBETT  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2370, Seventy-sixth General Assembly.

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JOHN F. DWYER  
Secretary of the Senate

Approved May 20, 1996

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TERRY E. BRANSTAD  
Governor