

House File 2554

S-5056

1 Amend House File 2554, as passed by the House, as follows:

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

4 <Section 1. Section 476.33, subsection 4, Code 2024, is  
5 amended to read as follows:

6 4. The board shall adopt rules that require the board, in  
7 rate regulatory proceedings under [sections 476.3](#) and [476.6](#), to  
8 utilize either a historic test year, ~~or~~ a future test year, or  
9 a multiyear rate plan at the rate-regulated public utility's  
10 discretion, subject to the requirements of this section.

11 *a.* For a rate regulatory proceeding utilizing a historic  
12 test year, the rules shall require the board to consider the  
13 use of the most current test period possible in determining  
14 reasonable and just rates, subject only to the availability of  
15 existing and verifiable data respecting costs and revenues, and  
16 in addition, to consider verifiable data that exists within  
17 nine months after the conclusion of the test year, respecting  
18 known and measurable changes in costs not associated with a  
19 different level of revenue, and known and measurable revenues  
20 not associated with a different level of costs, that are to  
21 occur at any time within twelve months after the date of  
22 commencement of the proceedings. Parties proposing adjustments  
23 that are not verifiable at the commencement of the proceedings  
24 shall include projected data related to the adjustments in  
25 their initial substantive filing with the board. For purposes  
26 of this paragraph, a proceeding commences under section  
27 476.6 upon the filing date of new or changed rates, charges,  
28 schedules, or regulations.

29 *b.* For a rate regulatory proceeding utilizing a future test  
30 year, the rules shall require the board to consider the use  
31 of any twelve-month period beginning no later than the date  
32 on which a proposed rate change is expected to take effect  
33 in determining just and reasonable rates. The rules shall  
34 also require the board to conduct a proceeding subsequent to  
35 the effective date of a rate resulting from a rate regulatory

1 proceeding utilizing a future test year to determine whether  
2 the actual costs and revenues are reasonably consistent with  
3 those approved by the board. If the actual costs and revenues  
4 are not reasonably consistent with those approved by the  
5 board, the board shall adjust the rates accordingly. For a  
6 rate regulatory proceeding utilizing a future test year, the  
7 board may adopt rules regarding evidence required, information  
8 to support forecasts, and any reporting obligations. The  
9 board may also adopt rules regarding the conditions under  
10 which a public utility that utilizes a future test year may  
11 subsequently utilize a historic test year. A public utility  
12 shall not be precluded from filing a rate regulatory proceeding  
13 utilizing a future test year prior to the adoption of any rules  
14 pursuant to [this subsection](#).

15 c. Commencing January 1, 2026, a public utility shall  
16 have the option of filing with the board an application to  
17 approve a utility tariff and a rate plan to remain in effect  
18 for a multiyear period specified in the application, provided  
19 that the public utility shall have filed with the board an  
20 integrated resource plan, approved by the board, pursuant  
21 to section 476.53C. The multiyear rate plan shall establish  
22 the rates the public utility may charge for each year of the  
23 specified period of years identified in the plan. A rate may  
24 change during the course of the multiyear period in the manner  
25 set forth in the plan. The board shall either approve the  
26 public utility's application without modification or reject the  
27 application upon a finding by the board that the application is  
28 not consistent with public interest. If the board rejects an  
29 application, the board shall identify in the rejection order  
30 the modifications that the board would require as a condition  
31 of approval. The utility shall have the option to accept the  
32 conditions identified by the board in the order, upon which the  
33 board shall approve the amended application, or to withdraw the  
34 application. During the term of a multiyear rate plan approved  
35 by the board, the rates for the utility's service shall change

1 only as expressly provided in the multiyear plan, except that  
2 board-approved riders and adjustment mechanisms expressly  
3 excluded from the plan shall operate for those applicable  
4 portions of the utility's rates. The board may at any time,  
5 upon the board's motion, inquire into the reasonableness of  
6 rates charged by a public utility pursuant to a multiyear rate  
7 plan, and may proceed under section 476.3 as on a complaint.

8 ~~e.~~ d. This subsection does not limit the authority of the  
9 board to consider other evidence in proceedings under sections  
10 476.3 and 476.6.

11 Sec. 2. NEW SECTION. 476.52A Definitions.

12 As used in this subchapter unless the context otherwise  
13 requires:

14 1. "*Alternate energy production facility*" means the same as  
15 defined in section 476.42.

16 2. "*Energy storage*" means any system, equipment, facility,  
17 or technology that is capable of absorbing energy, storing the  
18 energy for a period of time, and dispatching the energy through  
19 one of the following manners:

20 a. Using mechanical, electrochemical, thermal,  
21 electrolysis, or other processes to convert and store electric  
22 energy that was generated at an earlier time for use at a later  
23 time.

24 b. Using mechanical, electrochemical, biochemical, or  
25 thermal processes to convert and store energy generated  
26 from mechanical processes that would otherwise be wasted for  
27 delivery at a later time.

28 c. Storing energy in an electric, thermal, or gaseous  
29 state for direct use for heating or cooling at a later time  
30 in a manner that avoids the need to use electricity or other  
31 fuel sources at that later time, such as a grid-enabled water  
32 heater.

33 3. "*Nuclear reactor*" means an apparatus designed to produce  
34 electrical or heat energy through sustained nuclear fission in  
35 a self-supporting chain reaction.

1 4. "Repowering" means either the complete dismantling and  
2 replacement of generation equipment at an existing project  
3 site, or the installation of new parts and equipment to an  
4 existing alternate energy production facility in order to  
5 increase energy production, reduce load, increase service  
6 capacity, improve project reliability, or extend the useful  
7 life of the facility.

8 Sec. 3. Section 476.53, Code 2024, is amended to read as  
9 follows:

10 **476.53 Electric generating, energy storage, and transmission**  
11 **facilities.**

12 1. It is the intent of the general assembly to attract  
13 the development of electric power generating, energy storage,  
14 and transmission facilities within the state in sufficient  
15 quantity to ensure reliable electric service to Iowa consumers,  
16 ensure an adequate base load, and provide economic benefits to  
17 the state. Ensuring reliable electric service and providing  
18 economic benefits may require public utilities to consider  
19 diverse electric power generating technologies and energy  
20 storage technologies, including alternate energy production  
21 facilities, nuclear reactors, and energy storage facilities.  
22 It is also the intent of the general assembly to encourage  
23 rate-regulated public utilities to consider altering existing  
24 electric power generating facilities, ~~where~~ when reasonable,  
25 to manage carbon emission intensity in order to facilitate the  
26 transition to a carbon-constrained environment. It is also the  
27 intent of the general assembly to encourage the development  
28 of nuclear electric power generation within the state using  
29 nuclear reactors and to use nuclear power to meet local and  
30 regional electric needs.

31 2. a. The general assembly's intent with regard to the  
32 development of electric power generating and transmission  
33 facilities, or the significant alteration of an existing  
34 generating facility, as provided in [subsection 1](#), shall be  
35 implemented in a manner that is cost-effective and compatible

1 with the environmental policies of the state, as expressed in  
2 this Title XI.

3     *b.* The general assembly's intent with regard to the  
4 reliability of electric service to Iowa consumers, as provided  
5 in subsection 1, shall be implemented by considering the  
6 diversity of the types of fuel used to generate electricity,  
7 the availability and reliability of fuel supplies, and the  
8 impact of the volatility of fuel costs.

9     3. *a.* The board shall ~~specify in advance, by order issued~~  
10 ~~after~~ conduct a contested case proceeding, ~~the ratemaking~~  
11 ~~principles that will apply when the costs of the electric power~~  
12 ~~generating facility or alternate energy production facility are~~  
13 ~~included in regulated electric rates~~ whenever a rate-regulated  
14 public utility ~~does~~ seeks ratemaking principles for any of the  
15 following:

16     (1) (a) ~~Files an application pursuant to section 476A.3~~  
17 ~~to construct~~ The costs of constructing in Iowa a baseload an  
18 electric power generating facility with a nameplate generating  
19 capacity equal to or greater than ~~three hundred~~ forty megawatts  
20 ~~or a combined-cycle electric power generating facility, or an~~  
21 alternate energy production facility as defined in section  
22 476.42, or an energy storage facility, or the construction  
23 costs to significantly alter an existing electric power  
24 generating facility, alternate energy production facility, or  
25 energy storage facility. For purposes of this subparagraph,  
26 a significant alteration of an existing generating facility,  
27 alternate energy production facility, or energy storage  
28 facility must, in order to qualify for establishment of  
29 ratemaking principles, fall into one of the following  
30 categories:

31     (i) ~~Conversion of a coal-fueled~~ an electric power generating  
32 ~~facility into a gas-fueled~~ to an alternate fuel type for the  
33 electric power generating facility.

34     (ii) Addition of carbon capture and storage facilities ~~at a~~  
35 ~~coal-fueled~~ to an existing electric power generating facility.

1 (iii) ~~Addition of gas fueled capability to a coal fueled~~  
2 ~~facility, in order to convert the facility to one that will~~  
3 ~~rely primarily on gas for future generation facilities to~~  
4 capture exhaust heat and thereby generate additional electric  
5 power at an existing electric power generating facility.

6 (iv) ~~Addition of a biomass fueled capability to a coal~~  
7 ~~fueled facility.~~

8 (v) (iv) Repowering of an alternate energy production  
9 facility. ~~For purposes of this subparagraph subdivision,~~  
10 ~~"repowering" shall mean either the complete dismantling and~~  
11 ~~replacement of generation equipment at an existing project~~  
12 ~~site, or the installation of new parts and equipment to an~~  
13 ~~existing alternate energy production facility in order to~~  
14 ~~increase energy production, reduce load, increase service~~  
15 ~~capacity, improve project reliability, or extend the useful~~  
16 ~~life of the facility.~~

17 (v) Addition of energy storage at an existing electric power  
18 generating facility, alternate energy production facility, or  
19 energy storage facility.

20 (b) With respect to a significant alteration of an existing  
21 generating facility, ~~an original facility shall not be required~~  
22 ~~to be either a baseload or a combined cycle facility. Only~~  
23 only the incremental investment undertaken by a utility  
24 under subparagraph division (a), subparagraph subdivision  
25 (i), (ii), or (iii), ~~or (iv)~~ shall be eligible to apply the  
26 ratemaking principles established by the order issued pursuant  
27 to paragraph "e". Facilities for which ~~advanced~~ advance  
28 ratemaking principles are obtained pursuant to this section  
29 shall not be subject to a subsequent board review pursuant to  
30 section 476.6, subsection 19, to the extent that the investment  
31 has been considered by the board under this section. To the  
32 extent an eligible utility has been authorized to make capital  
33 investments subject to section 476.6, subsection 19, such  
34 investments shall not be eligible for ratemaking principles  
35 pursuant to this section.

1       (2) ~~Leases or owns~~ When leased or owned in Iowa, in whole or  
2 in part, a new ~~base load~~ electric power generating facility with  
3 a nameplate generating capacity equal to or greater than ~~three~~  
4 ~~hundred forty~~ megawatts ~~or a combined-cycle electric power~~  
5 ~~generating~~, a new energy storage facility, or a new alternate  
6 energy production facility as defined in [section 476.42](#).

7       **b.** If the board finds that the utility's application meets  
8 the requirements of paragraph "c", the board shall specify by  
9 order issued after the contested case proceeding the ratemaking  
10 principles that will apply when the costs of the electric power  
11 generating facility or alternate energy production facility  
12 are included in regulated electric rates. In determining  
13 the applicable ratemaking principles, the board shall not be  
14 limited to traditional ratemaking principles or traditional  
15 cost recovery mechanisms. Among the principles and mechanisms  
16 the board may consider, the board has the authority to approve  
17 ratemaking principles proposed by a rate-regulated public  
18 utility that provide for reasonable restrictions upon the  
19 ability of the public utility to seek a general increase in  
20 electric rates under [section 476.6](#) for at least three years  
21 after the generating facility begins providing service to Iowa  
22 customers.

23       **c.** In determining the applicable ratemaking principles, the  
24 board shall make the following findings:

25       (1) The rate-regulated public utility has in effect a  
26 board-approved energy efficiency plan as required under section  
27 476.6, subsection 15.

28       (2) The rate-regulated public utility has demonstrated to  
29 the board that the public utility has considered other sources  
30 for long-term electric supply and that the facility or lease is  
31 reasonable when compared to other feasible alternative sources  
32 of supply. The rate-regulated public utility shall provide  
33 support of reasonability with an electric utility resource  
34 plan pursuant to section 476.53C, that has been completed no  
35 more than twenty-four months prior to the filing of the public

1 utility's application.

2 ~~d. The applicable ratemaking principles shall be determined~~  
3 ~~in a contested case proceeding, which proceeding required by~~  
4 paragraph "a" may be combined with the proceeding for issuance  
5 of a certificate conducted pursuant to [chapter 476A](#).

6 e. The order setting forth the applicable ratemaking  
7 principles shall be issued prior to the commencement of  
8 construction or lease of the facility.

9 f. Following issuance of the order, the rate-regulated  
10 public utility shall have the option of proceeding according to  
11 either of the following:

12 (1) Withdrawing its application for a certificate pursuant  
13 to [chapter 476A](#).

14 (2) Proceeding with the construction or lease of the  
15 facility.

16 g. Notwithstanding any provision of [this chapter](#) to the  
17 contrary, the ratemaking principles established by the order  
18 issued pursuant to paragraph "e" shall be binding with regard  
19 to the specific electric power generating facility in any  
20 subsequent rate proceeding.

21 4. The utilities board and the consumer advocate may employ  
22 additional temporary staff, or may contract for professional  
23 services with persons who are not state employees, as the  
24 board and the consumer advocate deem necessary to perform  
25 required functions as provided in [this section](#), including but  
26 not limited to review of power purchase contracts, review of  
27 emission plans and budgets, and review of ratemaking principles  
28 proposed for construction or lease of a new generating  
29 facility. Beginning July 1, 2002, there is appropriated out  
30 of any funds in the state treasury not otherwise appropriated,  
31 such sums as may be necessary to enable the board and the  
32 consumer advocate to hire additional staff and contract for  
33 services under [this section](#). The costs of the additional staff  
34 and services shall be assessed to the utilities pursuant to the  
35 procedure in [section 476.10](#) and [section 475A.6](#).



1     Sec. 5. NEW SECTION.   **476.53B Department authority and**  
2 **proceedings.**

3     The board shall adopt rules pursuant to chapter 17A to  
4 provide for the completion of proceedings under section 476.53  
5 within ten months after the date of the filing of a petition  
6 under section 476.53, subsection 3. The rules shall include  
7 reasonable time limitations for the submission or completion  
8 of comments and testimony, and exhibits, briefs, and hearings,  
9 and may provide for the granting of additional time upon the  
10 request of a party to the proceeding for good cause shown.

11    Sec. 6. NEW SECTION.   **476.53C Electric utility resources**  
12 **planning.**

13    An electric utility regulated by the board shall file a  
14 resource plan at least once every five years. The board  
15 shall review a resource plan for completeness. A resource  
16 plan shall consider all reasonable resources for meeting the  
17 probable future demand for energy, including supply resources  
18 and conservation and management of demand. The objectives  
19 of a resource plan include but are not limited to adequate,  
20 cost-effective, and reliable energy service considering costs,  
21 fuel diversity, and probable future demand for energy. A  
22 resource plan shall not require a specific outcome or specific  
23 investment decisions. A resource plan shall reflect the  
24 circumstances and management judgment of an electric utility.  
25 This section does not restrict an electric utility from making  
26 planning decisions based on future resource needs subject to  
27 the ratemaking oversight of the board.>

28    2. Title page, by striking lines 2 and 3 and inserting <and  
29 transmission facility ratemaking principles.>

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COMMITTEE ON COMMERCE  
WAYLON BROWN, CHAIRPERSON