

Reprinted

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SENATE FILE 2403  
BY COMMITTEE ON ENVIRONMENT  
AND ENERGY UTILITIES

(SUCCESSOR TO SSB 2243)

Passed Senate, Date 2/28/90 (p. 500) Passed House, Date 4/5/90 (p. 2064)  
Vote: Ayes 32 Nays 16 Vote: Ayes 72 Nays 23  
Approved May 8, 1990

A BILL FOR

- 1 An Act relating to energy efficiency.
- 2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
- 3

SENATE FILE 2403

H-5599

- 1 Amend Senate File 2403, as amended, passed, and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 28, by inserting after line 20, the
- 4 following:
- 5 "Sec. \_\_\_\_.
- 6 The state department of transportation, shall in
- 7 consultation with other persons expert in the field of
- 8 asphalt or cement construction, investigate the use of
- 9 asphalt or cement-based railroad bed construction for
- 10 the following classes:
- 11 1. Light passenger rail service.
- 12 2. Freight rail service.
- 13 3. Passenger rail service.
- 14 4. High speed passenger rail service.
- 15 The research shall include an analysis of the
- 16 comparative energy efficiency and life-cycle cost of
- 17 asphalt or cement-based railroad bed construction
- 18 compared to alternatives in each class of rail
- 19 service."
- 20 2. By renumbering as necessary.

By HIBBARD of Madison  
NEUHAUSER of Johnson

H-5599 FILED MARCH 12, 1990

SF 2403

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1 Section 1. Section 18.115, subsection 4, Code Supplement  
2 1989, is amended by adding the following new unnumbered  
3 paragraphs:

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4 NEW UNNUMBERED PARAGRAPH. Effective January 1, 1992, the  
5 state motor vehicle dispatcher shall not purchase a passenger  
6 automobile which does not have an average fuel efficiency  
7 rating equal to or greater than the corporate average fuel  
8 economy standard for the automobile model year as established  
9 by the United States secretary of transportation under 15  
10 U.S.C. § 2002. Special work vehicles, trucks, law enforcement  
11 vehicles, and passenger automobiles rated at more than six  
12 passengers in capacity, are exempt from this fleet acquisition  
13 efficiency requirement. This paragraph applies to state  
14 vehicles under the authority of the state vehicle dispatcher,  
15 and to vehicles purchased by the state department of  
16 transportation, institutions under the control of the state  
17 board of regents, the department for the blind, and any other  
18 agencies exempted from obtaining vehicles for use through the  
19 state vehicle dispatcher.

52429

20 NEW UNNUMBERED PARAGRAPH. Effective January 1, 1993, the  
21 average passenger fuel efficiency for state vehicles used to  
22 transport passengers must be at least equal to the corporate  
23 average fuel economy standard for the automobile model year as  
24 established by the United States secretary of transportation  
25 under 15 U.S.C. § 2002. The average passenger fuel efficiency  
26 shall be calculated by dividing the number of passengers for  
27 the trip by the number of trip miles divided by the vehicle's  
28 fuel economy rating. Special work vehicles, trucks, and law  
29 enforcement vehicles are exempt from this fleet passenger  
30 miles or use efficiency requirement. This paragraph applies  
31 to state vehicles under the authority of the state vehicle  
32 dispatcher, and to vehicles operated by the state department  
33 of transportation, institutions under the control of the state  
34 board of regents, the department for the blind, and any other  
35 agencies exempted from obtaining vehicles for use through the

1 state vehicle dispatcher.

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2 Sec. 2. NEW SECTION. 72.5 LIFE CYCLE COST.

3 1. Every contract for a public improvement or construction  
4 of a public building, including new construction or renovation  
5 of an existing public building, by the state, or an agency or  
6 political subdivision of the state, shall consider each bid in  
7 light of the bid's proposed life cycle cost for the public  
8 improvement or construction project. The lowest bidder shall  
9 be the bidder who submits the bid with the lowest proposed  
10 life cycle cost of the public improvement or construction  
11 project.

12 2. In connection with development of a statewide building  
13 energy efficiency rating system, pursuant to section 93.40,  
14 the director of the department of natural resources in  
15 consultation with the department of management, shall develop  
16 rules to evaluate construction bid proposals based upon the  
17 energy efficiency rating system for public buildings, and  
18 other life cycle cost factors, to assure fair and uniform  
19 comparisons between bid proposals.

20 3. The department of management shall develop a proposal  
21 for submission to the general assembly on or before January  
22 10, 1991, to create a division within the department of  
23 management to evaluate life cycle costs on bids submitted on  
24 public improvement and construction contracts for agencies and  
25 political subdivisions of the state, to assure uniform  
26 comparisons and professional evaluations of bid proposals by  
27 an independent agency.

28 4. It is the intent of the general assembly to discourage  
29 construction of public buildings based upon lowest acquisition  
30 cost, and instead to require that such decisions be based upon  
31 life cycle costs to reduce energy consumption, maintenance  
32 requirements, and continuing burdens upon taxpayers.

33 Sec. 3. Section 93.1, Code 1989, is amended by adding the  
34 following new subsections:

35 NEW SUBSECTION. 6. "Administrator" means the

1 administrator of the division of energy and geological  
2 resources of the department of natural resources.

3 NEW SUBSECTION. 7. "Council" means the energy funds  
4 disbursement council created in section 93.11, subsection 3.

5 NEW SUBSECTION. 8. "Division" means the division of  
6 energy and geological resources of the department of natural  
7 resources.

8 Sec. 4. NEW SECTION. 93.3 ENERGY EFFICIENCY GOAL.

9 The goal of this state is to more efficiently utilize  
10 energy resources, especially those that are nonrenewable or  
11 that have negative environmental impacts, in order to enhance  
12 the economy of the state and to decrease the state's  
13 dependence on energy resources from outside the state by  
14 reducing the amount of energy used to produce each dollar of  
15 gross state product. This goal is to be implemented through  
16 the development of programs that promote energy efficiency and  
17 energy conservation by all Iowans, through the development and  
18 enhancement of an energy efficiency industry, through the  
19 development of indigenous energy resources that are  
20 economically and environmentally viable, and through the  
21 development and implementation of effective public information  
22 and education programs.

23 State government shall be a model and testing ground for  
24 the use of energy efficiency systems.

25 Sec. 5. Section 93.7, subsection 1, unnumbered paragraph  
26 2, Code Supplement 1989, is amended to read as follows:

27 The department shall develop the plan with the assistance  
28 of, and in consultation with, representatives of the energy  
29 industry, economic interests, the public, and other interested  
30 parties. The department shall submit a report to the general  
31 assembly concerning the status and implementation of the plan  
32 on a biennial basis. The biennial update shall contain an  
33 evaluation of all state energy programs including expected  
34 versus actual benefits and forecasts of future energy demand  
35 in Iowa.

1 Sec. 6. Section 93.7, subsection 4, unnumbered paragraph  
2 1, Code Supplement 1989, is amended to read as follows:

52623 Establish a central depository within the state for energy  
4 data. The department shall collect or cause to be collected  
5 data necessary to forecast future energy demands in the state.  
6 The data collected shall include, but is not limited to, end-  
7 use data for all economic sectors and for all energy sources  
8 used in the state. The department may require a supplier to  
9 provide information pertaining to the supply, storage,  
10 distribution and sale of energy sources in this state. The  
11 information shall be furnished on a periodic basis, shall be  
12 of a nature which directly relates to the supply, storage,  
13 distribution and sale of energy sources, and shall not include  
14 any records, documents, books or other data which relate to  
15 the financial position of the supplier. Provided the  
16 department, prior to requiring any supplier to furnish it with  
17 such information, shall make every reasonable effort to  
18 determine if the same is available from any other governmental  
19 source. If it finds such information is available, the  
20 department shall not require submission of the same from a  
21 supplier. Notwithstanding the provisions of chapter 22,  
22 information and reports obtained under this section shall be  
23 confidential except when used for statistical purposes without  
24 identifying a specific supplier and when release of the  
25 information will not give an advantage to competitors and  
26 serves a public purpose. The department shall use this data  
27 to conduct energy forecasts which shall be included in the  
28 biennial update required by section 93.7, subsection 1.

29 Sec. 7. Section 93.7, subsection 5, Code Supplement 1989,  
30 is amended to read as follows:

526231 5. Develop, recommend, and recommend implement public and  
32 professional education and communication programs in energy  
33 efficiency, energy conservation, and conversion to alternative  
34 sources of energy.

35 Sec. 8. Section 93.7, Code Supplement 1989, is amended by

1 adding the following new subsection:

52622 NEW SUBSECTION. 15. Conduct a study on activities related  
3 to energy production and use which contribute to global  
4 climate change. The study shall identify the types and  
5 relative contributions of these activities in Iowa. The  
6 department shall develop a strategy to reduce emissions from  
7 activities identified as having an adverse impact on the  
8 global climate. The department shall submit a report  
9 containing its findings and recommendations to the governor  
10 and general assembly by January 1, 1992.

526211 Sec. 9. NEW SECTION. 93.40 STATEWIDE BUILDING ENERGY  
12 EFFICIENCY RATING SYSTEM.

13 1. The director shall adopt rules, pursuant to chapter  
14 17A, establishing a statewide building energy efficiency  
15 rating system. The rating system shall apply to all new and  
16 existing public, commercial, industrial, and residential  
17 buildings in the state and shall be established subject to the  
18 following schedule:

19 a. Ratings shall be developed for new residential  
20 buildings by July 1, 1991.

21 b. Ratings shall be developed for existing residential  
22 buildings by July 1, 1992.

23 c. Ratings shall be developed for new public buildings by  
24 July 1, 1993.

25 d. Ratings shall be developed for existing public  
26 buildings by July 1, 1994.

27 e. Ratings shall be developed for new commercial and  
28 industrial buildings by July 1, 1994.

29 f. Ratings shall be developed for existing commercial and  
30 industrial buildings by July 1, 1995.

31 The director shall adopt a minimum acceptable energy  
32 efficiency standard for each class of buildings.

33 2. a. The energy efficiency rating shall be disclosed to  
34 a prospective buyer prior to accepting an offer to purchase.  
35 The prospective buyer may withdraw an offer to purchase or

1 rescind the contract at any time through the closing and incur  
2 no liability if the seller or the seller's agent fails to  
3 disclose the energy efficiency rating of a building proposed  
4 to be sold. The prospective buyer may withdraw an offer to  
5 purchase and incur no liability based upon the energy  
6 efficiency rating disclosed.

7     b. The energy efficiency rating shall be disclosed to a  
8 prospective lessee prior to accepting an offer to lease. The  
9 prospective lessee may withdraw an offer to lease or rescind  
10 the lease at any time up until possession of the premises is  
11 delivered and incur no liability if the lessor or the lessor's  
12 agent fails to disclose the energy efficiency rating of a  
13 building proposed to be leased. The prospective lessee may  
14 withdraw an offer to lease and incur no liability based upon  
15 the energy efficiency rating disclosed.

16     c. The builder of a new residential, commercial, or  
17 industrial building shall certify to the division that the new  
18 building meets both the minimum energy efficiency standard  
19 established by rule of the department and the energy  
20 efficiency rating for the building based upon the system  
21 adopted pursuant to subsection 1. A person shall not  
22 advertise or use another energy efficiency rating other than  
23 the rating certified to the division.

24     d. Concurrent with the disclosure of an energy efficiency  
25 rating pursuant to paragraphs "a" through "c", the prospective  
26 purchaser or lessee shall be provided with a copy of an  
27 information brochure prepared or approved by the division  
28 which includes information relevant to that class of building,  
29 including, but not limited to:

30         (1) How to analyze the building's energy efficiency  
31 rating.

32         (2) Comparisons to statewide averages for new and existing  
33 construction of that class.

34         (3) Annual energy cost conversion information based upon  
35 statewide average energy rates or reasonably current local

1 rates.

2 (4) Information concerning methods to improve a building's  
3 energy efficiency rating.

4 (5) A notice for residential buyers that qualifying income  
5 for mortgage loan purposes may be affected by the energy  
6 efficiency rating.

7 e. If the builder of a new residential, commercial, or  
8 industrial building is on provisional status as provided in  
9 section 93.41, concurrent with the disclosure of an energy  
10 efficiency rating pursuant to paragraphs "a" through "c", the  
11 prospective purchaser or lessee shall be notified that the  
12 builder is on provisional status because prior buildings of  
13 the builder have failed to meet minimum standards or as rated.

14 f. A new residential, commercial, or industrial building  
15 shall not be hooked up or connected to any provider of  
16 electricity, whether a regulated utility, rural electric  
17 cooperative, municipal utility, or otherwise; or natural gas,  
18 except liquid petroleum, unless the builder has certified to  
19 the division that the building meets the minimum energy  
20 efficiency standard required by the department pursuant to  
21 subsection 1. Penalties against the builder if a new building  
22 fails to perform up to minimum standards or as rated are  
23 provided in section 93.41.

24 g. Each public building proposed for construction,  
25 renovation, or acquisition shall be rated pursuant to the  
26 energy efficiency rating system provided in subsection 1 prior  
27 to contracting for the construction, renovation, or  
28 acquisition. The public body proposing to contract for  
29 construction, renovation, or acquisition for a public building  
30 shall consider the energy efficiency ratings of alternatives  
31 when contracting.

32 3. The energy efficiency rating system adopted by the  
33 department shall provide a means of analyzing and comparing  
34 the relative energy efficiency of buildings upon sale or lease  
35 of new or existing residential, commercial, or industrial



1 buildings. The system shall provide for rating each public  
2 building in existence to assist public officials in decision  
3 making with regard to capital improvements and public energy  
4 costs. The system shall be based primarily upon a measurement  
5 of total energy consumption per unit of space. The rating  
6 system shall include factors for heating, cooling, lighting,  
7 appliances, and all other energy-using devices or systems, or  
8 characteristics determining energy usage, of buildings as  
9 appropriate to each class of building. The energy efficiency  
10 rating system may be, but is not required to be, based upon  
11 the home heating index as contained in the Iowa state building  
12 code, 661 Iowa Administrative Bulletin 16.800 (103A). The  
13 department shall adopt a minimum acceptable standard for each  
14 class of new construction. The department of public safety  
15 shall adopt any conforming amendments to the Iowa building  
16 code rules on thermal and lighting efficiency standards as are  
17 necessary after the department adopts the energy efficiency  
18 rating system and the minimum energy efficiency standard for  
19 each class of new construction under subsection 1.

20 4. All public buildings shall be analyzed for energy  
21 efficiency using this rating system by July 1, 1995. The  
22 results of that analysis shall be submitted to the department  
23 by August 1, 1995. The department shall submit a report to  
24 the governor and general assembly by January 15, 1996, that  
25 analyzes the results of this evaluation of public buildings  
26 and includes recommendations. The results of the analysis of  
27 each building shall be submitted to the public agency or  
28 governmental subdivision which owns or operates that building  
29 as well.

30 5. The director shall make available energy efficiency  
31 practices information to be used by individuals involved in  
32 the design, construction, retrofitting, and maintenance of  
33 buildings for state and local governments.

34 6. For purposes of this section and section 93.41:

35 a. "Builder" means the prime contractor that hires and

1 coordinates building subcontractors or if there is no prime,  
2 the contractor that completes more than fifty percent of the  
3 total construction work performed on the building.  
4 Construction work includes, but is not limited to, foundation,  
5 framing, wiring, plumbing, and finishing work.

6 b. "Public building" means a building owned or operated by  
7 the state, a state agency, or a governmental subdivision,  
8 including but not limited to a city, county, or school  
9 district.

526210 Sec. 10. NEW SECTION. 93.41 ENERGY EFFICIENCY SYSTEM  
11 RATING ENFORCEMENT.

12 1. A new residential, commercial, industrial, or public  
13 building for which a building permit is issued after the  
14 effective date of rules establishing an energy efficiency  
15 rating system for that class of building pursuant to section  
16 93.40, shall be rated by the builder using that system as  
17 provided in section 93.40, subsection 3. The builder shall  
18 certify to the division the rating of the new building, that  
19 the building meets the minimum energy efficiency standard for  
20 its class, and that the building was constructed in  
21 conformance with the specifications of the construction  
22 documents upon which the rating is based.

23 2. a. If within ten years after issuance of the  
24 certificate of occupancy a new building's average annual  
25 energy costs exceed the estimated annual energy costs based  
26 upon the builder's certified rating for that new building,  
27 adjusted for the actual cost of energy and degree days, by  
28 more than twenty-five percent in each of three consecutive  
29 years, the division or the owner or operator of that building  
30 may file a complaint with the division against the contractor.

31 b. The department may by rule adopted pursuant to chapter  
32 17A require a provider of electricity or natural gas, other  
33 than liquified petroleum, to notify the division if within ten  
34 years of a new building's initial utility hookup the annual  
35 energy costs billed for the building exceed by more than

1 twenty-five percent the estimated annual energy costs based  
2 upon the builder's certified rating for that building.

3 3. The division shall conduct an investigation, including  
4 analysis of the owner or operator's energy consumption and of  
5 the building itself, employing such means as it deems  
6 appropriate to determine within reason the cause for higher  
7 than expected energy consumption. If after completing the  
8 investigation, the division believes that a building was not  
9 constructed in conformance with the construction documents  
10 upon which the energy efficiency rating was based, or that the  
11 builder fraudulently rated the building, the administrator may  
12 order the builder to appear at a hearing conducted pursuant to  
13 chapter 17A to show cause why penalties should not be imposed.

14 4. A builder ordered to appear shall be provided with the  
15 results of the division's investigation. The contractor has  
16 the burden of showing by a preponderance of the evidence that  
17 the contractor's acts or omissions were not a substantial  
18 cause of the higher than expected annual energy costs. The  
19 division shall have the burden of showing fraudulent conduct  
20 or falsification of information by the builder by a  
21 preponderance of the evidence.

22 5. The following penalties may be ordered by an  
23 administrative law judge against a builder found to have been  
24 a substantial cause of a rated building failing to meet its  
25 expected adjusted annual average energy consumption based upon  
26 the energy efficiency rating by the builder for that building  
27 and the builder's certification of compliance with minimum  
28 energy efficiency standards:

- 29 a. Contractor registration suspension or revocation.  
30 b. Assignment to provisional status.  
31 c. Civil penalty, not to exceed one thousand dollars per  
32 one hundred square feet of the building in question.

33 If the administrative law judge finds that the contractor  
34 falsified information or engaged in fraudulent conduct in  
35 connection with certifying the original energy efficiency

1 rating, the maximum civil penalty shall be imposed and the  
2 builder's contractor registration shall at minimum be  
3 suspended for a six-month period.

4 6. If a builder is placed on provisional status, each of  
5 the builder's buildings completed while on provisional status  
6 shall be monitored during construction for compliance and  
7 after completion for performance. The division may convert a  
8 builder from provisional status to suspension or revocation of  
9 the builder's contractor registration and order any provider  
10 of electricity or natural gas to refuse to hook up or connect  
11 a building built by the builder if monitoring of the builder  
12 during provisional status indicates a continued inability to  
13 satisfy minimum energy efficiency standards. Provisional  
14 status shall continue for three years from the date of the  
15 most recent incident of testing of a building, which test  
16 indicated consumption of twenty-five percent or more energy  
17 than either the minimum standard for that class of new  
18 construction or the certified rating for that new building.

19 7. The division shall, if necessary, amend the energy  
20 efficiency rating system based upon experience with particular  
21 designs or components which fail to meet expected energy  
22 efficiency through no fault of the contractor. The  
23 administrator may also report an architect or professional  
24 engineer to the respective examining board if the  
25 administrator believes an architect or professional engineer  
26 has engaged in fraudulent conduct in connection with an energy  
27 efficiency rating for a building.

28 Sec. 11. Section 214A.2, subsection 3, Code Supplement  
29 1989, is amended by striking the subsection and inserting in  
30 lieu thereof the following:

31 3. a. Gasoline with a mixture of ten percent or more  
32 ethanol, but not more than thirteen percent, shall be known as  
33 gasohol.

34 b. Gasoline with a mixture of more than thirteen percent  
35 ethanol, but not more than twenty-five percent, shall be known

1 as high blend ethanol. For purposes of chapters 323A, 324,  
2 and 422, high blend ethanol shall be treated as gasohol.

3 c. Gasoline shall not contain a mixture of more than  
4 twenty-five percent ethanol.

52625 Sec. 12. NEW SECTION. 214A.19 STATE ALTERNATE FUEL  
6 PROGRAMS.

7 1. There is appropriated for the fiscal year beginning  
8 July 1, 1990, and ending June 30, 1991, seven hundred fifty  
9 thousand dollars from the general fund of the state to the  
10 joint alternate fuels project of the state board of regents  
11 for the following designated purposes:

12 To coordinate and fund research on alternative fuels, and  
13 for salaries, support, and miscellaneous purposes.

14 2. A joint alternate fuels project is established under  
15 the supervision of the state board of regents. Participants  
16 in the project shall include employees of institutions of  
17 higher education under the control of the state board of  
18 regents, engaged in research relating to ethanol, gasohol,  
19 methanol, or other alternative fuels for motor vehicle  
20 transportation as a significant part of the employees'  
21 responsibilities. The state board of regents shall appoint a  
22 director of the joint project to coordinate alternative fuels  
23 research at institutions under the control of the state board  
24 of regents.

25 3. The state shall purchase and use high blend ethanol for  
26 all state-owned passenger vehicles when high blend ethanol is  
27 available. The state department of transportation and the  
28 state vehicle dispatcher shall cooperate with the joint  
29 alternative fuels project in a demonstration program for the  
30 use of high blend ethanol.

31 4. The joint alternative fuels project shall develop a  
32 proposal for submission on or before January 10, 1991, to the  
33 general assembly and the energy funds disbursement council of  
34 the department of natural resources, for applied research to  
35 develop an economically viable, small, alternative fuel

1 production facility, suitable for decentralized fuel  
2 production for farm and motor vehicle use. Purposes of the  
3 research program shall include exploration of the economic and  
4 environmental benefits and costs of decentralized alternative  
5 fuels production.

5226 Sec. 13. NEW SECTION. 220.85 RESIDENTIAL ENERGY COSTS  
7 CONSIDERED IN MORTGAGE APPLICATION.

8 1. The authority shall adopt rules pursuant to chapter 17A  
9 to require a person who makes a loan secured by a mortgage on  
10 residential property to adjust a proposed mortgagor's income  
11 considered adequate for loan approval to reflect the annual  
12 energy costs of the property proposed to be mortgaged.

13 a. The adjustment may be based upon actual energy  
14 consumption of the prior owner of an existing property.

15 b. For a new residential property, the adjustment shall be  
16 based upon the building's energy efficiency rating pursuant to  
17 section 93.40.

18 2. The rules shall require adjustment of the proposed  
19 mortgagor's income based upon the following criteria:

20 a. A proposed mortgagor's annual income for loan approval  
21 purposes shall be increased by the amount the residential  
22 building proposed to be mortgaged is estimated to have total  
23 annual energy costs less than the statewide average for  
24 similar sized residences.

25 b. A proposed mortgagor's annual income for loan approval  
26 purposes shall be decreased by the amount the residential  
27 building proposed to be mortgaged is estimated to have total  
28 annual energy costs greater than the statewide average for  
29 similar sized residences.

30 3. Rules may permit energy cost estimates to include  
31 adjustments for capital improvements to be made to the  
32 residential property proposed as a condition or purpose of the  
33 loan, such as, but not limited to, added insulation,  
34 weatherization, furnace or other mechanical system upgrades.

35 Sec. 14. Section 258A.2, Code 1989, is amended by adding

1 the following new subsection:

5262 NEW SUBSECTION. 2A. The rules for the state board of  
3 engineering and land surveyors, the board of architectural  
4 examiners, and the board of landscape architectural examiners  
5 shall require that professional engineers, architects, and  
6 landscape architects, respectively, complete a minimum number  
7 of hours of continuing education related to energy efficiency.  
8 Energy efficiency continuing education requirements under this  
9 subsection shall be coordinated among the boards and the  
10 institutions of higher education under the control of the  
11 state board of regents which typically offer continuing  
12 education courses for design professionals, to assure  
13 availability of courses and interdisciplinary cooperation and  
14 education concerning available energy efficiency strategies  
15 for employment in the state's construction industry.

52646 Sec. 15. NEW SECTION. 262.100 REGENTS' INSTITUTIONS  
17 CONSTRUCTION AND CONSTRUCTION DESIGN DEGREE PROGRAMS.

18 1. An institution of higher education under the control of  
19 the state board of regents which offers a degree program  
20 related to construction or construction design, including, but  
21 not limited to architecture, civil engineering, construction  
22 engineering, electrical engineering, mechanical engineering,  
23 interior design, or landscape architecture, shall include as a  
24 requirement for graduation for new entrants to that degree  
25 program after July 1, 1991, a minimum number of credit hours  
26 relating to energy efficient design and construction, not in  
27 conflict with accreditation standards for that degree program.

28 2. Each institution of higher education under the control  
29 of the state board of regents which offers continuing  
30 education classes under chapter 258A to design or construction  
31 professionals shall offer energy efficiency continuing  
32 education classes to graduates of the construction and design  
33 degree programs offered by the institution. The continuing  
34 education classes offered shall at minimum satisfy  
35 requirements adopted by the engineering and land surveying

1 examining board, the architectural examining board, and the  
2 landscape architectural examining board. Continuing education  
3 course offerings related to energy efficiency shall emphasize  
4 available design options and construction techniques to  
5 maximize energy efficiency and interdisciplinary cooperation  
6 and education on energy efficiency strategies for employment  
7 in the state's construction industry.

52628 Sec. 16. NEW SECTION. 268.5 ENERGY EFFICIENCY AND WASTE  
9 REVIEW AS CONDITION OF RECEIPT OF BUSINESS ASSISTANCE FROM  
10 STATE.

11 1. Prior to the receipt of any state assistance, whether  
12 direct or indirect, to a person qualified for assistance under  
13 a program described in this subsection and authorized by a  
14 statute listed in this subsection, the person must submit to  
15 and complete an energy efficiency and waste review as provided  
16 in this section. Persons are subject to the energy efficiency  
17 and waste review requirement as a precondition to receipt of  
18 any assistance under a program authorized by any of the  
19 following:

- 20 a. Chapter 280B, Iowa industrial new jobs training Act.
- 21 b. Chapter 280C, Iowa small business new jobs training  
22 Act.
- 23 c. Chapter 99E, community economic betterment account of  
24 the Iowa plan.
- 25 d. Chapter 15, subchapter II, part 9, retraining  
26 assistance.

27 2. The Iowa waste reduction center for the safe and  
28 economic management of solid waste and hazardous substances,  
29 created in section 268.4, shall conduct a waste review of each  
30 person approved for assistance by the agency administering any  
31 of the programs referenced in subsection 1. The waste review  
32 shall include at a minimum all of the following components:

- 33 a. Evaluation of current and proposed solid waste  
34 management and disposal practices.
- 35 b. Evaluation of current and proposed hazardous waste



1 management and disposal practices.

2 c. Evaluation of whether the predicted economic  
3 development benefits from the person's activities, which are  
4 the subject of the application for state assistance, are  
5 reasonable in light of the reasonably anticipated detrimental  
6 impact upon the natural environment of those activities.

7 d. Recommendations for improvement in the person's solid  
8 waste or hazardous waste management or disposal practices  
9 within the state, which if implemented, would reasonably  
10 reduce, mitigate, or offset anticipated detrimental  
11 environmental effects of the activities which are the subject  
12 of the application or other activities of the person within  
13 the state.

14 3. The division of energy and geological resources of the  
15 department of natural resources shall conduct an energy  
16 efficiency review of each person approved for assistance by  
17 the agency administering any of the programs referenced in  
18 subsection 1. The energy efficiency review shall include at a  
19 minimum all of the following components:

20 a. Evaluation of current and proposed energy efficiency  
21 management practices and total energy consumption.

22 b. Recommendations for improvement in the person's energy  
23 efficiency management or energy consumption through adoption  
24 of specific energy efficiency strategies.

25 4. The Iowa waste reduction center or the division of  
26 energy and geological resources may recommend conditioning  
27 assistance under any of the programs referenced in subsection  
28 1 upon the person's commitment to adopt one or more of the  
29 recommendations made in the waste review under subsection 2 or  
30 the energy efficiency review under subsection 3.

31 Sec. 17. Section 476.1, unnumbered paragraph 7, Code 1989,  
32 is amended to read as follows:

33 The jurisdiction of the board under this chapter shall  
34 include programs designed to promote the use of energy  
35 conservation efficiency strategies by rate or service-

1 regulated gas and electric utilities. These programs shall be  
2 cost effective. The board may initiate these programs as  
3 pilot projects to accumulate sufficient data to determine if  
4 the programs meet the requirements of this paragraph.

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5 Sec. 18. Section 476.1A, unnumbered paragraph 1, Code  
6 Supplement 1989, is amended to read as follows:

7 Electric public utilities having ~~less~~ fewer than ten  
8 thousand customers and electric cooperative corporations and  
9 associations are not subject to the rate regulation authority  
10 of the board. Such utilities are subject to all other  
11 regulation and enforcement activities of the board, including:

12 Sec. 19. Section 476.1A, unnumbered paragraph 2, Code  
13 Supplement 1989, is amended to read as follows:

14 However, sections 476.20, 476.21, 476.41 through 476.44,  
15 476.51, 476.56, 476.62, and 476.66 and chapters 476A and 478,  
16 to the extent applicable, apply to such electric utilities.  
17 Such electric utilities are subject to the rules adopted by  
18 the board which require filing plans for projects designed to  
19 promote the use of energy efficiency strategies. However, the  
20 board may waive the filing requirements upon a showing of good  
21 cause.

22 Sec. 20. Section 476.1B, subsection 2, Code Supplement  
23 1989, is amended to read as follows:

24 2. Municipally owned utilities shall be required to adhere  
25 to the requirements of the following sections of the Code but  
26 all rules and regulations to enforce these sections shall lie  
27 with each local municipal utility's governing board. The  
28 board has no authority concerning these sections as they apply  
29 to municipal utilities:

30 a. Peak-load management techniques, as set forth in  
31 section 476.17.

32 b. Promulgation Adoption of rules concerning the use of  
33 energy conservation efficiency strategies, as set forth in  
34 section 476.2 476.6, subsection 16. However, municipally  
35 owned utilities shall be subject to rules adopted by the board

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1 which require filing plans for projects designed to promote  
2 the use of energy efficiency strategies. The board may waive  
3 the filing requirements upon a showing of good cause. This  
4 paragraph does not subject the rates of municipally owned  
5 utilities to the regulatory authority of the board.

6 Sec. 21. Section 476.1C, subsection 1, unnumbered  
7 paragraph 1, Code 1989, is amended to read as follows:

8 Gas public utilities having ~~less~~ fewer than two thousand  
9 customers are not subject to the regulation authority of the  
10 utilities board under this chapter unless otherwise  
11 specifically provided. Sections 476.10, 476.20, 476.21, and  
12 476.51 apply to such gas utilities. Such gas utilities are  
13 subject to rules adopted by the board which require filing  
14 plans for projects designed to promote the use of energy  
15 efficiency strategies.

16 Sec. 22. Section 476.2, unnumbered paragraph 5, Code 1989,  
17 is amended by striking the paragraph.

18 Sec. 23. Section 476.6, subsection 15, unnumbered  
19 paragraphs 3, 5, and 6, Code Supplement 1989, are amended by  
20 striking the paragraphs.

21 Sec. 24. Section 476.6, subsection 16, unnumbered  
22 paragraph 2, Code Supplement 1989, is amended by striking the  
23 paragraph.

24 Sec. 25. Section 476.6, Code Supplement 1989, is amended  
25 by adding the following new subsection:

26 NEW SUBSECTION. 19. ENERGY EFFICIENCY IMPLEMENTATION,  
27 COST REVIEW, AND COST RECOVERY.

28 a. The board may periodically conduct a contested case  
29 proceeding to evaluate the reasonableness and prudence of a  
30 gas or electric rate-regulated public utility's practices and  
31 provide for the recovery of expenditures and related costs of  
32 the provision of energy efficiency projects. Notice to  
33 customers shall be in a manner prescribed by the board. The  
34 board shall consider the cost effectiveness of the projects  
35 and shall allow the utility to recover the reasonable

1 expenditures and related costs of the projects determined to  
2 be cost effective. However, a utility may recover the  
3 reasonable expenditures and related costs of an energy  
4 efficiency project which is not cost-effective if the board  
5 determines the utility was prudent and reasonable in the  
6 planning and implementation of the energy efficiency project.

7 b. The board may provide for cost recovery pursuant to  
8 subsection 11. Amounts collected pursuant to this subsection  
9 which the board determines should be refunded to customers  
10 shall include interest at a rate to be determined by the  
11 board. Notwithstanding subsection 11, the adjustment shall  
12 not be reduced to zero and incorporated in rates.

13 c. In addition to the expenditures and related costs  
14 collected pursuant to paragraph "a", if the board determines  
15 sufficient justification exists for assessing a reward or  
16 penalty on the utility for its performance regarding energy  
17 efficiency, the board may allow the utility to collect an  
18 amount as a reward or may require an amount to be deducted  
19 from the recovery of expenditures and related costs as a  
20 penalty.

21 NEW SUBSECTION. 20. FILING OF FORECASTS.

22 The board shall periodically require each rate-regulated  
23 gas or electric public utility to file a forecast of future  
24 gas requirements or electric generating needs and the board  
25 shall evaluate the forecast. The forecast shall include, but  
26 is not limited to, a forecast of the requirements of its  
27 customers, its anticipated sources of supply, and its  
28 anticipated means of addressing the forecasted gas  
29 requirements or electric generating needs.

30 NEW SUBSECTION. 21. ENERGY EFFICIENCY PROGRAM FINANCING.

31 The board may require each rate-regulated gas or electric  
32 public utility to offer qualified customers the opportunity to  
33 enter into an agreement for the amount of moneys reasonably  
34 necessary to finance cost-effective energy efficiency  
35 improvements to the qualified customers' residential dwellings

1 or businesses.

2 Sec. 26. Section 476.8, unnumbered paragraph 1, Code 1989,  
3 is amended to read as follows:

4 Every public utility is required to furnish reasonably  
5 adequate service and facilities. "Reasonably adequate service  
6 and facilities" for public utilities furnishing gas or  
7 electricity includes programs for customers to encourage the  
8 use of energy conservation efficiency and renewable energy  
9 sources. The charge made by any public utility for any heat,  
10 light, gas, energy conservation efficiency and renewable  
11 energy programs, water or power produced, transmitted,  
12 delivered or furnished, or communications services, or for any  
13 service rendered or to be rendered in connection therewith  
14 shall be reasonable and just, and every unjust or unreasonable  
15 charge for such service is prohibited and declared unlawful.  
16 In determining reasonable and just rates, the board shall  
17 consider all factors relating to value and shall not be bound  
18 by rate base decisions or rulings made prior to the adoption  
19 of this chapter.

20 Sec. 27. Section 476.42, subsection 1, Code 1989, is  
21 amended by adding the following new unnumbered paragraph:

22 NEW UNNUMBERED PARAGRAPH. A facility which is a qualifying  
23 facility under 18 C.F.R. part 292, subpart B is not precluded  
24 from being an alternate energy production facility under this  
25 division.

26 Sec. 28. Section 476.42, Code 1989, is amended by adding  
27 the following new subsection:

28 NEW SUBSECTION. 2A. "Next generating plant" means an  
29 electric utility's assumed next coal-fired base load electric  
30 generating plant, whether planned or not, based on current  
31 technology and undiscounted current cost.

32 Sec. 29. Section 476.42, subsection 3, Code 1989, is  
33 amended by adding the following new unnumbered paragraph:

34 NEW UNNUMBERED PARAGRAPH. A facility which is a qualifying  
35 facility under 18 C.F.R. part 292, subpart B is not precluded

1 from being a small hydro facility under this division.

2 Sec. 30. Section 476.43, subsection 3, unnumbered para-  
3 graph 1, Code 1989, is amended to read as follows:

4 The board ~~shall base the~~ may consider the following factors  
5 in setting rates for new facilities or new capacity from  
6 existing facilities on the following factors:

7 Sec. 31. Section 476.43, subsection 3, Code 1989, is  
8 amended by adding the following new paragraphs:

9 NEW PARAGRAPH. e. External factors, including but not  
10 limited to, environmental and economic factors.

11 NEW PARAGRAPH. f. Other relevant factors.

12 Sec. 32. Section 476.43, subsection 4, Code 1989, is  
13 amended by striking the subsection.

14 Sec. 33. Section 476.43, subsection 5, Code 1989, is  
15 amended to read as follows:

16 5. In the case of a utility that purchases all or  
17 substantially all of its electricity requirements, the rates  
18 established under this section must be ~~equal to the current~~  
19 ~~cost to the electric utility of similar types and quantities~~  
20 of electrical service based on the electric utility's current  
21 purchased power costs.

22 Sec. 34. Section 476.44, Code 1989, is amended to read as  
23 follows:

24 476.44 EXCEPTIONS.

25 1. The board shall not require an electric utility to  
26 purchase or wheel electricity from an alternate energy  
27 production facility or small hydro facility unless the  
28 ~~facility meets all of the following conditions~~ is owned or  
29 operated by an individual, firm, copartnership, corporation,  
30 company, association, joint stock association, city, town, or  
31 county that meets both of the following:

32 ~~a. Has an electric generating capacity of not more than~~  
33 ~~eighty megawatts.~~

34 ~~b. Is owned or operated by an individual, firm,~~  
35 ~~copartnership, corporation, company, association, joint stock~~

1 ~~association, city, town, or county that:~~

2 (1) a. Is not primarily engaged in the business of  
3 producing or selling electricity, gas, or useful thermal  
4 energy other than electricity, gas, or useful thermal energy  
5 sold solely from alternate energy production facilities or  
6 small hydro facilities.

7 (2) b. Does not sell electricity, gas, or useful thermal  
8 energy to residential users other than the tenants or the  
9 owner or operator of the facility.

10 2. ~~The board shall not require an~~ An electric utility  
11 ~~shall not be required to purchase or wheel electricity from a~~  
12 ~~small hydro facility unless the facility has an electric~~  
13 ~~generating capacity of not, at any one time, more than eighty~~  
14 ~~fifteen megawatts of power from alternate energy production~~  
15 ~~facilities.~~

16 Sec. 35. Section 476.63, Code Supplement 1989, is amended  
17 to read as follows:

18 476.63 ENERGY CONSERVATION-AND EFFICIENCY PROGRAMS.

526219 The division shall consult with the energy and geological  
20 resources division of the department of natural resources in  
21 the development and implementation of public utility energy  
22 ~~conservation-and~~ efficiency programs.

23 Sec. 36. Section 476.65, subsection 1, paragraph b, Code  
24 1989, is amended to read as follows:

25 b. That the results of the audit are available to any  
26 person engaged in the business of making or providing energy  
27 conservation efficiency improvements or services who requests  
28 the information whether the request is made for the customer  
29 individually or the request is made for the customer as a  
30 class.

31 Sec. 37. Section 476A.1, subsection 1, Code 1989, is  
32 amended to read as follows:

33 1. "Facility" means any electric power generating plant or  
34 a combination of plants at a single site, owned by any person,  
35 with a total capacity of one-hundred twenty megawatts of

1 electricity or more and those associated transmission lines  
2 connecting the generating plant to either a power transmission  
3 system or an interconnected primary transmission system or  
4 both. Transmission lines subject to the provisions of this  
5 chapter shall not require a franchise under chapter 478.

5262 <sup>7</sup>  
6 Sec. 38. Section 476A.6, subsection 4, paragraph c, Code  
7 1989, is amended to read as follows:

8 c. Establishment of cost-effective energy conservation  
9 efficiency and renewable energy services and programs.

10 Sec. 39. Section 476A.6, subsection 4, unnumbered  
11 paragraph 1, Code 1989, is amended to read as follows:

12 The applicant, if a public utility as defined in section  
13 476.1, has in effect a comprehensive energy management program  
14 designed to reduce peak loads and to increase efficiency of  
15 use of energy by all classes of customers of the utility, and  
16 the facility in the application is necessary notwithstanding  
17 the existence of the comprehensive energy management program.  
18 As used in this subsection, a "comprehensive energy management  
19 program" includes at a minimum the following:

20 Sec. 40. Section 476A.6, Code 1989, is amended by adding  
21 the following new subsection:

22 NEW SUBSECTION. 4A. The applicant, if a public utility as  
23 defined in section 476.1, shall demonstrate to the board that  
24 the utility has considered sources for long-term electric  
25 supply from either purchase of electricity or investment in  
26 facilities owned by other persons.

27 Sec. 41. Section 476A.6, subsection 5, Code 1989, is  
28 amended to read as follows:

29 5. The applicant, if a public utility as defined in  
30 section 476.1, has considered all feasible alternatives to the  
31 proposed facility including nongeneration alternatives; has  
32 ranked those alternatives by cost; has implemented the least-  
33 cost alternatives first; and the facility in the application  
34 is necessary notwithstanding the implementation of these  
35 alternatives.



1     Sec. 42. Section 476A.15, Code 1989, is amended by  
2 striking the section and inserting in lieu thereof the  
3 following:

4     476A.15 WAIVER.

5     The board, if it determines that the public interest would  
6 not be adversely affected, may waive any of the requirements  
7 of this chapter for facilities with a capacity of one hundred  
8 or fewer megawatts.

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9

EXPLANATION

10     Section 1 requires the state to purchase passenger vehicles  
11 which meet or exceed the then current corporate average fuel  
12 economy rating (CAFE) in effect under federal law for that  
13 model year after January 1, 1992. Certain vehicles are exempt  
14 such as special work vehicles, trucks, law enforcement  
15 vehicles, and larger passenger vehicles. The section also  
16 requires the state vehicle dispatcher to use state vehicles to  
17 achieve an average fuel economy per passenger mileage at least  
18 equal to the CAFE standard for the then current automobile  
19 model year. For instance, a single driver with no passenger  
20 would have to be assigned a vehicle with a fuel economy rating  
21 at least equal to the CAFE standard. A group of passengers  
22 could be assigned to a larger, less efficient vehicle, such as  
23 a van, because per passenger, the van would be more efficient  
24 than multiple smaller automobiles to transport the same number  
25 of people.

26     Section 2 requires every contract for a public improvement  
27 or construction of a public building by the state, or an  
28 agency of the state or political subdivision of the state to  
29 award the contract to the responsible bidder submitting the  
30 lower proposed life cycle cost. Procedures to fairly compare  
31 proposed life cycle costs of competing bids are also proposed.

32     Section 3 provides additional definitions for chapter 93.

33     Section 4 establishes energy efficiency as a public policy  
34 goal of the state and provides that state government is to be  
35 a model and testing ground for the use of energy efficiency

1 systems.

2 Section 5 requires the department of natural resources to  
3 make its state energy plan a biennial report.

4 Section 6 expands the department of natural resources  
5 energy data collection authority to include data to permit  
6 forecasting of future energy demand in the state.

7 Section 7 expands the department of natural resources  
8 public education and communication program efforts to include  
9 programs targeted to professional groups.

10 Section 8 requires the department of natural resources to  
11 conduct a study on global warming and develop program  
12 strategies to reduce contributory emissions in the state.

13 Section 9 requires development of an energy efficiency  
14 rating system to facilitate consumer, business, and government  
15 comparisons of new and existing buildings' energy costs.

16 Section 10 provides enforcement mechanisms for the energy  
17 efficiency rating system.

18 This bill generally strikes references to energy  
19 conservation in the public utility title of the Code and  
20 inserts the term energy efficiency.

21 Section 11 permits high blend ethanol as an option to  
22 current gasohol. Gasohol currently can have no more than 13  
23 percent ethanol. High blend ethanol would have an ethanol  
24 content of greater than 13 percent but no more than 25  
25 percent.

26 Section 12 appropriates moneys to a joint alternate fuels  
27 project of the board of regents for use in coordinated  
28 alternative fuels research. A pilot test program for high  
29 blend ethanol use in state vehicles is also provided.

30 Section 13 requires the Iowa finance authority to adopt  
31 rules requiring a mortgage lender to consider the annual  
32 energy costs in evaluating a mortgage loan applicant's income  
33 for loan approval. Section 18 requires businesses applying  
34 for state assistance to submit to a waste review as a  
35 condition of receipt of such business assistance.

1 Sections 14 and 15 require design professional licensing  
2 and examining boards to require continuing education on energy  
3 efficiency strategies as a condition to license renewal.  
4 Additionally, energy efficiency is to be integrated into the  
5 degree programs of construction and construction design  
6 curricula of institutions of higher education under the  
7 control of the board of regents.

8 Section 17 conditions certain state assistance program  
9 benefits to an applicant's submission to an energy efficiency  
10 and waste reduction review.

11 Sections 18 through 25 of this bill provide that rural  
12 electric cooperatives, municipally owned utilities, and gas  
13 public utilities having fewer than two thousand customers will  
14 be required to file plans for energy efficiency projects;  
15 authorizes a contested case proceeding in which the board will  
16 review the prudence and reasonableness of the public  
17 utilities' plans for energy efficiency projects; provides for  
18 the recovery of costs by the public utility and allows the  
19 board to impose rewards or penalties for energy efficiency  
20 performance; requires rate-regulated gas or electric public  
21 utilities to file forecasts of future gas requirements and  
22 electric generating needs, and requires the board to review  
23 these forecasts; gives the board the authority to require  
24 rate-regulated gas or electric public utilities to provide  
25 financing for energy efficiency projects; and removes the  
26 current filing and review of forecasts from the natural gas  
27 supply and cost review plans as the board intends to conduct  
28 this review during its review of energy efficiency projects.

29 Sections 27 and 29 of the bill provide that facilities  
30 which are qualifying facilities under 18 C.F.R. part 292,  
31 subpart B are not precluded from meeting the definition of  
32 alternate energy production facility or small hydro facility  
33 under Iowa law.

34 Section 28 provides a definition of "next generating  
35 plant".

1 Section 30 changes the current Code from requiring the  
2 utilities board to base rates on certain factors to permissive  
3 language which allows them to consider these factors.

4 Section 31 adds 2 more factors which now may be considered  
5 and those are: external factors, including but not limited  
6 to, environmental and economic factors; and other relevant  
7 factors.

8 Section 32 repeals a subsection which required the  
9 utilities board to consider the factors listed in setting  
10 rates for existing facilities and required the board to  
11 consider other factors and establish rates for existing  
12 facilities that are less than the rate established for new  
13 facilities if the board determines that a lower rate is  
14 sufficient to encourage small power production.

15 Section 33 eliminates a requirement that a utility which  
16 purchases all or substantially all of its electricity  
17 requirements has rates equal to the current cost to the  
18 electric utility of similar types and quantities of electrical  
19 service and instead requires that the rates be based on the  
20 electric utility's current purchased power costs.

21 Under current law, an electric utility is not required to  
22 purchase or wheel electricity from an alternate energy  
23 production facility or small hydro facility unless the  
24 facility has an electric generating capacity of not more than  
25 80 megawatts. This exemption is eliminated in section 34.

26 Section 34 also provides that an electric utility shall not  
27 be required to purchase at any one time more than 15 megawatts  
28 of power from alternate energy production facilities.

29 Section 37 lowers the threshold requirement for filing an  
30 application for an electric power generating plant from 100  
31 megawatts to 20 megawatts. However, if the utilities board  
32 determines that the public interest would not be adversely  
33 affected, the board may waive any of the requirements of  
34 chapter 476A for facilities with a capacity of 100 megawatts  
35 or less.

1 Section 40 requires public utility applicants to  
2 demonstrate to the utilities board that the utility has  
3 considered sources for long-term electric supply from either  
4 purchase of electricity or investment in facilities owned by  
5 other persons. Currently this requirement is in section  
6 476A.15 and only requires consideration of purchases of  
7 electricity or investment in facilities owned by other  
8 utilities.

9 This bill may include a state mandate as defined in section  
10 25B.3.

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SENATE FILE 2403  
FISCAL NOTE

A fiscal note for Senate File 2403 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 2403 relates to energy efficiency in the public and private sectors. The bill requires state agencies to purchase fuel efficient vehicles and construct energy efficient buildings. The bill requires the Department of Natural Resources (DNR) to collect data, establish guidelines, and adopt rules related to energy efficiency. The Department of Management (DOM) is directed to establish a division within the DOM to evaluate construction bid proposals for energy efficiency.

The bill appropriates \$750,000 to the Board of Regents to coordinate and fund research on alternative fuels. The Board of Regents is also directed to require certain degrees at the Regents institutions to require coursework in energy efficient design and construction.

The bill requires businesses, prior to the awarding of certain grants from the Department of Economic Development (DED) to submit to a waste stream analysis by the Small Business Assistance Center at the University of Northern Iowa, and a energy efficiency review conducted by the DNR.

The bill also alters the regulation of utilities to promote energy efficiency.

Assumptions

1. The DNR estimates that 20.7 FTE positions for FY 1991 and 25.7 FTE positions for FY 1992 and beyond will be needed to implement this bill.
2. The DNR estimates that each FTE will cost \$42,000 for salary, fringe benefits, and indirect costs.
3. The Department of Transportation (DOT) will require 1.0 FTE for energy audit and analysis work.
4. The alternative fuels requirements will raise DOT fuel costs by \$85,000.
5. The energy efficiency building standards will raise DOT design contract costs by 1% and construction contract costs by 10%. The DOT's annual building construction program is \$3,000,000.
6. The Utilities Board will incur no additional costs associated with this bill.
7. The Department of General Services will require 2.0 FTE positions to implement the energy efficient vehicle and passenger efficiency requirements.
8. The Regents institutions will require additional staff to comply with the building design specification and reporting requirements, and the alternative fuel vehicle purchase requirements.
9. 150 awards will be given annually to businesses through the DED programs listed in the bill as needing waste and energy reviews.

FILE 2 , FISCAL NOTE, SENATE FILE 2403

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Source:

Department of Natural Resources  
Department of Transportation  
Department of Management  
Utilities Board  
Department of General Services  
Board of Regents  
Waste Reduction Center

(LSB 7716sv.2, JWR)

FILED FEBRUARY 28, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 2403  
FISCAL NOTE

A fiscal note for Amendment S-5262 to Senate File 2403 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.

Amendment S-5262 to Senate File 2403 requires state agencies to submit energy costs as a line-item when presenting budget requests, alters the requirement that the state purchase energy efficient vehicles, requires buildings to be designed rather than bid on a life-cycle basis, strikes the \$750,000 appropriation to the Board of Regents for alternative fuels research, strikes language pertaining to usage of high blend ethanol, strikes language relating to waste and energy reviews conducted by the Waste Reduction Center and the Department of Natural Resources (DNR), and makes other technical and substantive changes to Senate File 2403.

The amendment also adds requirements that the Department of Transportation (DOT): conduct a comprehensive transportation energy demand and planning study, conduct a transportation survey of a city of more than 50,000 in population, conduct a survey regarding car pooling, conduct a cost benefit analysis of telecommuting for state employees, conduct a pilot project related to a metered interchange on Interstate 235, prepare recommendations involving car pooling, and work with the Des Moines Metro Transit Authority on a feasibility study on both the use of light-rail and High Occupancy Vehicle transportation in Des Moines.

Fiscal Effect

Amendment S-5262 will lower the fiscal impact of Senate File 2403 on the Department of Natural Resources, the Waste Reduction Center, and the Board of Regents. The costs for the Department of Transportation will rise.

The amendment deletes the requirements that the DNR conduct energy reviews for recipients of Department of Economic Development (DED) grants, and enforce energy efficiency certifications made by building contractors. These two actions would lower the fiscal effect on the DNR from \$2,300,000 per year to \$1,800,000.

The removal of the waste review requirement for recipients of DED grants will eliminate the \$120,000 cost to the Waste Reduction Center. The removal of the alternative fuels requirement will reduce the cost to the Board of Regents from \$270,000 to \$185,000, and reduce the cost to the Department of Transportation (DOT) from \$460,000 to \$375,000. The cost to the Department of General Services is expected to remain at \$68,000.

The additional costs associated with the studies and requirements assigned to the DOT cannot be estimated at this time.



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10. The Waste Reduction Center will need 2.0 FTE positions to handle the additional waste reviews.

Fiscal Effect

The following Departments estimate annual fiscal effects associated with their requirements as dictated by this bill:

DEPARTMENT	COST	STARTING
=====	=====	=====
Department of Natural Resources	\$2,300,000	FY 1991
Department of Transportation	460,000	FY 1993
Department of Management	0	
Utilities Board	0	
Department of General Services	68,000	FY 1991
Board of Regents	270,000	FY 1991
Waste Reduction Center	120,000	FY 1991

Additional costs would be offset by energy savings. However, it is not possible to estimate the energy savings associated with the provisions of this bill at this time.

Sources:

- Department of Natural Resources
- Department of Transportation
- Department of General Services
- Department of Management
- Department of Economic Development
- Board of Regents
- Waste Reduction Center
- Utilities Board

(LSB 7716sv, JWR)

FILED FEBRUARY 28, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

## SENATE FILE 2403

S-5262

1 Amend Senate File 2403 as follows:

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

4 "Sec. 100. Section 8.23, Code 1989, is amended to  
5 read as follows:

6 8.23 ANNUAL DEPARTMENTAL ESTIMATES.

7 On or before September 1, next prior to each  
8 legislative session, all departments and  
9 establishments of the government shall transmit to the  
10 director, on blanks to be furnished by the director,  
11 estimates of their expenditure requirements, including  
12 every proposed expenditure, for the ensuing fiscal  
13 year, classified so as to distinguish between  
14 expenditures estimated for administration, operation,  
15 and maintenance, and the cost of each project  
16 involving the purchase of land or the making of a  
17 public improvement or capital outlay of a permanent  
18 character, together with supporting data and  
19 explanations as called for by the director. The  
20 budget estimates shall include a line item for energy  
21 expenses itemized by type of energy and location. The  
22 estimates of expenditure requirements shall be based  
23 upon seventy-five percent of the funding provided for  
24 the current fiscal year accounted for by program and  
25 the remainder of the estimate of expenditure  
26 requirements prioritized by program. The estimates  
27 shall be accompanied with performance measures for  
28 evaluating the effectiveness of the program. If a  
29 department or establishment fails to submit estimates  
30 within the time specified, the governor shall cause  
31 estimates to be prepared for that department or  
32 establishment as in the governor's opinion are  
33 reasonable and proper. The director shall furnish  
34 standard budget request forms to each department or  
35 agency of state government."

36 2. Page 1, line 2, by striking the word  
37 "unnumbered".

38 3. Page 1, by striking lines 4 through 19, and  
39 inserting the following:

40 "NEW PARAGRAPH. a. On or after January 1, 1992,  
41 the following listed agencies shall not purchase a  
42 motor vehicle weighing less than eight thousand five  
43 hundred pounds which does not have an average fuel  
44 efficiency rating equal to or greater than the  
45 corporate average fuel economy standard for the  
46 automobile model year as established by the United  
47 States secretary of transportation under 15 U.S.C. §  
48 2002:

49 (1) State vehicle dispatcher.

50 (2) State department of transportation.

S-5262

Page 2

1 (3) Institutions under the control of the state  
2 board of regents.

3 (4) The department for the blind.

4 (5) Any other state agency exempted from obtaining  
5 vehicles for use through the state vehicle dispatcher.

6 Special work vehicles, trucks other than light  
7 trucks, law enforcement vehicles, and passenger  
8 automobiles rated at more than five passengers in  
9 capacity, are exempt from this paragraph."

10 4. By striking page 1, line 20, through page 2,  
11 line 1, and inserting the following:

12 "b. Effective January 1, 1993, the state vehicle  
13 dispatcher, after consultation with the department of  
14 management and the various state agencies exempted  
15 from obtaining vehicles for use through the state  
16 vehicle dispatcher, shall adopt by rule pursuant to  
17 chapter 17A, a system of uniform standards for  
18 assigning vehicles available for use to maximize the  
19 average passenger miles per gallon of motor vehicle  
20 fuel consumed. The standards should consider the  
21 number of passengers traveling to a destination, the  
22 fuel economy of and passenger capacity of vehicles  
23 available for assignment, and any other relevant  
24 information, to assure assignment of the most energy  
25 efficient vehicle or combination of vehicles for a  
26 trip from those vehicles available for assignment.  
27 The standards adopted by the state vehicle dispatcher  
28 shall not apply to special work vehicles, and law  
29 enforcement vehicles. The rules when adopted shall  
30 apply to the following agencies:

31 (1) State vehicle dispatcher.

32 (2) State department of transportation.

33 (3) Institutions under the control of the state  
34 board of regents.

35 (4) The department for the blind.

36 (5) Any other state agency exempted from obtaining  
37 vehicles for use through the state vehicle  
38 dispatcher."

39 5. Page 2, by inserting before line 2, the  
40 following:

41 "c. As used in paragraph "a" and "b", "fuel  
42 economy" means the average number of miles traveled by  
43 an automobile per gallon of gasoline consumed as  
44 determined by the United States environmental  
45 protection agency administrator in accordance with 26  
46 U.S.C. § 4064(c)."

47 6. Page 2, by striking lines 3 through 19, and  
48 inserting the following:

49 "1. A contract for a public improvement or  
50 construction of a public building, including new

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Page 3

1 construction or renovation of an existing public  
2 building, by the state, or an agency or political  
3 subdivision of the state, shall not be let without  
4 satisfying the following requirements:

5 a. A design professional submitting a design  
6 development proposal for consideration of the public  
7 body shall at minimum prepare one proposal meeting the  
8 design program's space and use requirements which  
9 reflects the lowest life cycle cost possible in light  
10 of existing commercially available technology.

11 b. Submission of a cost benefit analysis of any  
12 deviations from the lowest life cycle cost proposal  
13 contained in other design proposals requested by or  
14 prepared for submission to the public body.

15 The public body may request additional design  
16 proposals in light of funds available for  
17 construction, aesthetic considerations, or any other  
18 reason.

19 This subsection applies for all design development  
20 proposals requested on or after January 1, 1991.

21 2. In connection with development of a statewide  
22 building energy efficiency rating system, pursuant to  
23 section 93.40, the director of the department of  
24 natural resources in consultation with the department  
25 of management, shall develop standards and methods to  
26 evaluate design development documents and construction  
27 documents based upon the energy efficiency rating  
28 system for public buildings, and other life cycle cost  
29 factors, to facilitate fair and uniform comparisons  
30 between design proposals and informed decision making  
31 by public bodies."

32 7. Page 2, line 23, by striking the word "bids"  
33 and inserting the following: "design proposals".

34 8. Page 2, line 26, by striking the word "bid"  
35 and inserting the following: "design".

36 9. By striking page 2, line 33, through page 3,  
37 line 7.

38 10. Page 4, by striking line 4, and inserting the  
39 following: "data. The central depository shall be  
40 located at or accessible through a library which is a  
41 member of an interlibrary loan program to facilitate  
42 access to the data and information contained in the  
43 central depository. The department shall collect".

44 11. Page 4, by striking lines 6 through 8, and  
45 inserting the following: "The department may require  
46 a supplier to".

47 12. Page 4, by striking line 31, and inserting  
48 the following:

49 "5. Develop, recommend, and recommend implement  
50 with appropriate agencies public and".

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Page 4

1 13. Page 5, line 4, by inserting after the word  
2 "change" the following: "and the depletion of the  
3 stratospheric ozone layer".

4 14. Page 5, line 8, by inserting after the word  
5 "climate" the following: "and the stratospheric ozone  
6 layer".

x 7 15. Page 5, by inserting after line 10, the  
8 following:

9 "Sec. \_\_\_\_ . Section 93.20, unnumbered paragraph 1,  
10 Code 1989, is amended to read as follows:

11 An energy loan fund is established in the office of  
12 the treasurer of state to be administered by the  
13 department. The department may make loans to school  
14 districts, area schools, area education agencies,  
15 cities, and counties for implementation of energy  
16 conservation measures identified in a comprehensive  
17 engineering analysis. Loans shall not be made for  
18 energy conservation measures that require more than an  
19 average of six years for the school district, area  
20 school, area education agency, city and county as an  
21 entity to recoup the actual or projected cost of  
22 construction and acquisition of the improvements,  
23 including the cost of financing the construction and  
24 acquisition of the improvements; and cost of the  
25 engineering plans and specifications. For a school  
26 district, area school, area education agency, city or  
27 county to receive a loan from the fund, the department  
28 shall require completion of an energy management plan  
29 including an energy audit and a comprehensive  
30 engineering analysis. The department shall approve  
31 loans made under this section. Cities and counties  
32 shall repay the loans from moneys in their debt  
33 service funds. Area education agencies shall repay  
34 the loans from any moneys available to them.

35 Sec. \_\_\_\_ . Section 93.20, Code 1989, is amended by  
x 36 adding the following new unnumbered paragraph:

37 NEW UNNUMBERED PARAGRAPH. The department shall not  
38 require a school district, area school, area  
39 educational agency, city, or county to implement a  
40 specific energy conservation measure identified in a  
41 comprehensive engineering analysis if the political  
42 subdivision which prepared the analysis demonstrates  
43 to the department that the facility which is the  
44 subject of the energy conservation measure is unlikely  
45 to be used or operated for the full period of the  
46 expected payback of the energy conservation measure."

47 16. Page 5, line 19, by striking the words "shall  
48 be developed".

49 17. Page 5, line 21, by striking the words "shall  
50 be developed".

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Page 5

- 1 18. Page 5, line 23, by striking the words "shall  
2 be developed".
- 3 19. Page 5, line 25, by striking the words "shall  
4 be developed".
- 5 20. Page 5, line 27, by striking the words "shall  
6 be developed".
- 7 21. Page 5, line 29, by striking the words "shall  
8 be developed".
- 9 22. Page 5, line 34, by inserting after the word  
10 "purchase." the following: "With each declaration of  
11 value submitted to a county recorder under chapter  
12 428A, a statement shall also be submitted, on forms  
13 provided by the department, that indicates the energy  
14 efficiency rating of the building, effective one year  
15 after ratings are adopted by the department for the  
16 class to which the building which is the subject of  
17 the declaration of value belongs."
- 18 23. Page 6, line 8, by inserting after the word  
19 "lease." the following: "On or after one year from  
20 the date on which the ratings are adopted by the  
21 department for the class of buildings to which the  
22 property to be leased belongs, the rating of the  
23 building shall be included in any written lease  
24 entered into, continued, or renewed."
- 25 24. Page 6, by striking lines 16 through 23, and  
26 inserting the following:  
27 "c. The prime design professional of a new  
28 residential or commercial building shall state in  
29 writing to the department that to the best of the  
30 person's knowledge, information, and belief, the new  
31 building is in substantial compliance with the minimum  
32 energy efficiency guidelines established by rule of  
33 the department and the energy efficiency rating for  
34 the building based upon the system adopted pursuant to  
35 subsection 1."
- 36 25. Page 6, line 27, by striking the word  
37 "division" and inserting the following: "department".
- 38 26. Page 7, by striking lines 7 through 13, and  
39 inserting the following:  
40 "e. The design professional shall inform the owner  
41 to the best of the design professional's knowledge of  
42 energy efficiency options available and the associated  
43 costs and benefits of the options."
- 44 27. Page 7, by striking lines 18 through 23, and  
45 inserting the following: "except liquid petroleum,  
46 unless the builder states in writing to the utility  
47 that to the best of the builder's knowledge,  
48 information, and belief, the building was built in  
49 accordance with the construction documents."
- 50 28. Page 8, by striking lines 4 through 19, and

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1 inserting the following: "costs."

2 29. Page 8, by inserting before line 20, the  
3 following:

4 "\_\_\_\_. The director shall establish a voluntary  
5 working group of persons and interest groups  
6 interested in the energy efficiency rating system or  
7 energy efficiency. The interest group shall advise  
8 the department in the development of the energy  
9 efficiency rating system and shall assist the  
10 department in implementation of the rating system by  
11 coordinating education programs for design  
12 professionals, builders, businesses, and other  
13 interested persons to assist compliance and to  
14 facilitate incorporation of the rating system into  
15 existing practices. The intent of the general  
16 assembly is to encourage the consideration of the  
17 energy efficiency rating system in the market, so as  
18 to provide market rewards for energy efficient  
19 buildings and those designing, building, or selling  
20 energy efficient buildings."

21 30. Page 9, by inserting after line 5, the  
22 following:

23 "\_\_\_\_. Design professional" means the architect,  
24 engineer, landscape architect, builder, interior  
25 designer or other person, whether a registered design  
26 professional or not, who performs the actual design  
27 work or if under whose direct supervision and  
28 responsible charge the construction documents are  
29 prepared."

30 31. By striking page 9, line 10, through page 11,  
31 line 27, and inserting the following:

32 "\_\_\_\_. The director may report an architect,  
33 professional engineer, or landscape architect to the  
34 appropriate examining board if the director believes  
35 the person has engaged in fraudulent conduct in  
36 connection with an energy efficiency rating for a  
37 building. The director may report a builder to the  
38 division of labor, bureau of contractor registration,  
39 if the director believes the builder has engaged in  
40 fraudulent conduct in connection with an energy  
41 efficiency rating for a building."

42 32. Page 12, by striking lines 7 through 24.

43 33. Page 12, by striking lines 25 through 30, and  
44 inserting the following:

45 "\_\_\_\_. The state shall purchase and use high blend  
46 ethanol for all state-owned passenger vehicles  
47 suitable for such fuel, when and if high blend ethanol  
48 is available and approved for such use by the United  
49 States environmental protection agency. The state  
50 department of transportation and the state vehicle

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1 dispatcher shall cooperate with the state board of  
2 regents and institutions under the control of the  
3 state board of regents in obtaining a waiver from the  
4 United States environmental protection agency to  
5 conduct a demonstration program for the use of high  
6 blend ethanol, and shall, if a waiver is obtained,  
7 cooperate in conducting the demonstration program in  
8 consultation with the department of natural  
9 resources."

10 34. By striking page 12, line 31, through page  
11 13, line 5, and inserting the following:

12 " \_\_\_\_\_. The governor shall seek the cooperation of  
13 the governors of the states of Nebraska, Illinois,  
14 Indiana, and Missouri, to establish a consortium on  
15 alternative fuels. The purpose of the consortium  
16 shall be to establish regional cooperation for  
17 research and marketing of alternative fuels produced  
18 within the region. The consortium may also coordinate  
19 presentation of regional policy on alternative fuels  
20 to automakers and federal regulatory authorities."

21 35. Page 13, by striking lines 6 through 34.

22 36. Page 14, by striking lines 2 through 15, and  
23 inserting the following:

24 "NEW SUBSECTION. 2A. The state board of  
25 engineering and land surveyors, the board of  
26 architectural examiners, the board of landscape  
27 architectural examiners, and the department of natural  
28 resources shall cooperate with each other and with  
29 persons who typically offer continuing education  
30 courses for design professionals to make available  
31 energy efficiency related continuing education  
32 courses, and to encourage interdisciplinary  
33 cooperation and education concerning available energy  
34 efficiency strategies for employment in the state's  
35 construction industry."

36 37. By striking page 14, line 16, through page  
37 15, line 7.

38 38. By striking page 15, line 8 through page 16,  
39 line 30, and inserting the following:

40 "Sec. \_\_\_\_\_. NEW SECTION. 268.5 ENERGY EFFICIENCY  
41 AND WASTE REDUCTION REFERRALS.

42 At the time the department approves assistance for  
43 an applicant, the person shall also be provided with  
44 information regarding the nature and source of other  
45 technical assistance available in the state to assist  
46 the applicant on design and management matters  
47 concerning energy efficiency and waste reduction. The  
48 department shall review the extent to which  
49 recommendations made to grantees are in fact  
50 implemented by the grantees."



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1 39. Page 17, line 4, by inserting after the word  
2 "paragraph." the following: "The board may require  
3 electric and gas utilities to offer a rebate or coupon  
4 program for purchases of goods which contribute to  
5 energy efficiency as part of the utility's energy  
6 efficiency program. If a rebate or coupon program is  
7 required, the board shall adopt rules providing for  
8 uniform administration of the program."

9 40. Page 17, line 34, by striking the figure "16"  
10 and inserting the following: "19".

11 41. Page 18, by inserting after line 17, the  
12 following:

13 "Sec. \_\_\_\_ . Section 476.6, subsection 15,  
14 unnumbered paragraph 1, Code Supplement 1989, is  
15 amended to read as follows:

16 The board shall periodically, but not less than  
17 annually, conduct a proceeding for the purpose of  
18 evaluating the reasonableness and prudence of a rate-  
19 regulated public utility's natural gas procurement and  
x 20 contracting practices. The natural gas supply and  
21 cost review ~~shall~~ may be conducted as a contested case  
22 pursuant to chapter 17A.

23 Sec. \_\_\_\_ . Section 476.6, subsection 15, unnumbered  
24 paragraph 3, Code Supplement 1989, is amended by  
25 striking the paragraph.

26 Sec. \_\_\_\_ . Section 476.6, subsection 15, unnumbered  
27 paragraph 4, Code Supplement 1989, is amended to read  
28 as follows:

29 During the natural gas supply and cost review, the  
30 board shall evaluate the reasonableness and prudence  
31 of the gas procurement plan. In evaluating the gas  
32 procurement plan, the board shall consider the volume,  
33 cost, and reliability of the major alternative gas  
34 supplies available to the utility; the cost of  
35 alternative fuels available to the utility's  
36 customers; the availability of gas in storage; the  
37 appropriate legal and regulatory actions which the  
38 utility could take to minimize the cost of purchased  
39 gas; the gas procurement practices of the utility; and  
40 other relevant factors. If a utility is not taking  
41 all reasonable actions to minimize its purchase gas  
42 costs, consistent with assuring an adequate long-term  
43 supply of natural gas, the board ~~shall not allow the~~  
44 ~~utility to recover from its customers~~ may initiate  
45 contested case proceedings to more fully review such  
46 costs and may disallow purchase gas costs in excess of  
47 those costs that would be incurred under reasonable  
48 and prudent policies and practices."

49 42. Page 18, line 19, by striking the figures "3,  
50 5," and inserting the following: "5".

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1 43. Page 18, by inserting after line 20, the  
2 following:

3 "Sec. \_\_\_\_ . Section 476.6, subsection 16,  
4 unnumbered paragraph 1, Code Supplement 1989, is  
5 amended to read as follows:

\*6 The board shall conduct an annual proceeding for  
7 the purpose of evaluating the reasonableness and  
8 prudence of a rate-regulated public utility's  
9 procurement and contracting practices related to the  
10 acquisition of fuel for use in generating electricity.  
11 The proceeding ~~shall~~ may be conducted as a contested  
12 case pursuant to chapter 17A. Under procedures  
13 established by the board, the utility shall file  
14 information as the board deems appropriate. If a  
15 utility is not taking all reasonable actions to  
16 minimize its fuel costs, the board ~~shall-not-allow-the~~  
17 ~~utility-to-recover-from-its-customers-fuel~~ may  
18 initiate contested case proceedings to more fully  
19 review said costs and may disallow costs in excess of  
20 those costs that would be incurred under reasonable  
21 and prudent policies and practices."

22 44. Page 18, by inserting after line 27, the  
23 following:

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

44 45. Page 19, by striking line 2, and inserting  
45 the following: "be cost effective. A utility may  
46 also recover the".

47 46. Page 19, line 6, by inserting after the word  
48 "project." the following: "Reasonable expenditures  
49 and related costs shall include a return on energy  
50 efficiency program investment and the contribution to

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1 system costs lost due to energy efficiency practices  
2 and programs."

3 47. Page 19, by striking lines 13 through 20, and  
4 inserting the following:

5 "c. To the extent an energy efficiency practice or  
6 program yields net benefits, the net benefits shall be  
7 shared between the utility and its customers as the  
8 benefits occur. The utility's revenues from the  
9 sharing of benefits shall not be considered in  
10 determining its revenue requirements."

11 48. Page 22, lines 19 and 20, by striking the  
12 words "energy and geological resources division of  
13 the" and inserting the following: "energy-and  
14 ~~geological-resources-division-of-the~~".

15 49. Page 23, by inserting after line 5, the  
16 following:

17 "Sec. \_\_\_\_ . Section 476A.2, Code 1989, is amended  
18 by adding the following new subsection:

19 NEW SUBSECTION. 4. This chapter shall not apply  
20 to an electric power generating plant, or combination  
21 of plants at a single site, with a total capacity of  
22 more than twenty but less than one hundred megawatts  
23 of electricity if the owner or operator prior to  
24 January 1, 1990, has met all of the following  
25 conditions:

26 a. Acquired a site for the facility.

27 b. Publicly announced the intention to construct a  
28 facility at that site.

29 c. Let contracts for major components of the  
30 facility."

31 50. Page 24, by inserting after line 8, the  
32 following:

33 "Sec. \_\_\_\_ . COMPREHENSIVE TRANSPORTATION ENERGY  
34 DEMAND AND PLANNING SURVEY.

35 1. The state department of transportation shall  
36 conduct a comprehensive transportation energy demand  
37 and planning survey within the state to determine  
38 where, how, and for what energy is being consumed for  
39 transportation related purposes within the state given  
40 current economic and demographic conditions. The  
41 survey shall be structured to provide policymakers  
42 detailed information on consumption patterns to permit  
43 formulation of future transportation and energy  
44 efficiency related policy on the basis of useful  
45 statistical information accompanied by clear and  
46 concise narrative analysis. The survey shall include  
47 an analysis of regional commuting patterns to permit  
48 policymakers to develop viable alternatives to  
49 commuting by private single occupant motor vehicles  
50 when traffic density and patterns permit.

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1 2. A city with a population of fifty thousand or  
2 more shall conduct a transportation survey of a  
3 statistically relevant and representative portion of  
4 its businesses and workers concerning transportation  
5 patterns and needs. Among the survey topics to be  
6 covered are the willingness to carpool for commuting  
7 to and from work, the use of mass transit, the  
8 impediments to carpooling or use of mass transit.  
9 Based upon the results of the survey, the city shall  
10 formulate strategies for reducing motor vehicle fuel  
11 consumption, and shall file the survey results and  
12 proposed strategies with the state department of  
13 transportation on or before January 15, 1992.

14 3. The department of management shall conduct a  
15 survey of a statistically relevant and representative  
16 portion of its agencies, including the institutions  
17 under the control of the state board of regents, and  
18 employees concerning transportation patterns and  
19 needs. Among the survey topics to be covered are the  
20 willingness of employees to carpool for commuting to  
21 and from work and to use mass transit, the impediments  
22 to carpooling or use of mass transit, and coordination  
23 of travel schedules with other agencies to permit  
24 shared transportation for state business when  
25 possible.

26 4. The department of management, in consultation  
27 with the department of natural resources, division of  
28 energy and geological resources, shall conduct a cost  
29 benefit analysis of telecommuting for state employees  
30 whose primary duties and services are typically  
31 performed by phone and who currently have access to  
32 computer or other telecommunication equipment at work.  
33 The resulting report on telecommuting shall be  
34 presented to the general assembly on or before January  
35 15, 1991.

36 Sec. \_\_\_\_ . RAMP METERING PILOT PROGRAM.

x37 The state department of transportation shall  
38 conduct a trial program, for a six-month period at  
39 minimum, of a ramp metering system on at least one  
40 interchange of I-235, the MacVicar freeway, in the Des  
41 Moines metropolitan area. A report shall be prepared  
42 for submission to the general assembly on or before  
43 July 1, 1992, summarizing the effectiveness of ramp  
44 metering in the trial program to reduce traffic  
45 congestion; its impact upon accident frequency and  
46 highway safety; and potential for expanded use on I-  
47 235. The report shall make specific recommendations  
48 regarding the future use and funding of traffic  
49 metering in the Des Moines metropolitan area, and its  
50 incorporation in plans for expansion of I-235 and

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1 construction of the north-south loop bypass.

2 Sec. \_\_\_\_ . INTEREST-FREE LOANS FOR VANPOOLS.

3 The state department of transportation shall  
4 prepare a recommendation including model legislation  
5 for an interest-free loan program for vanpools and  
6 other incentives for the formulation and operation of  
7 vanpools or carpools. The department shall in  
8 particular examine the structure and success of  
9 vanpool loan programs in other states, including  
10 Connecticut. The report shall include a cost benefit  
11 analysis and an estimate of the cost to implement an  
12 effective program in Iowa.

x 13 Sec. \_\_\_\_ . LIGHT RAIL CORRIDOR STUDY.

14 1. The Des Moines metropolitan transit authority,  
15 with the cooperation of the state department of  
16 transportation, shall study the feasibility of  
17 operating light rail passenger train service on  
18 existing rail or public road rights-of-way in the Des  
19 Moines metropolitan area. The study shall at minimum  
20 consider:

21 a. Use of the I-235 or north-south downtown loop  
22 bypass median or right-of-way for light rail usage.

23 b. Use of existing railroad rights-of-way,  
24 especially those connecting downtown to major commuter  
25 destinations and community attractions for visitors.

26 c. Feasibility for implementing light rail  
27 passenger service as an alternative to expansion of I-  
28 235.

29 2. The study shall include consideration and  
30 proposals for:

31 a. Suburban park and ride mass transit.

32 b. Downtown parking requirements, especially cost  
33 savings from reduced parking demand.

34 c. Integrated mass transit marketing and route  
35 selection.

36 d. Marketing, promotion, and incentives for light  
37 rail usage.

38 e. Economic development impact along suggested  
39 routes and from visitor usage, and impact upon  
40 attracting conventions and new business.

41 f. Financing alternatives for implementation,  
42 including special benefit district assessments.

43 3. The state department of transportation shall  
44 provide any requested assistance to the Des Moines  
45 metropolitan transit authority to perform the study  
46 required in subsection 1.

x 47 Sec. \_\_\_\_ . HIGH OCCUPANCY VEHICLE LANE STUDY.

48 1. a. The Des Moines metropolitan transit  
49 authority, with the cooperation of the state  
50 department of transportation, shall study the

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1 feasibility of implementing high occupancy vehicle  
2 (HOV) lanes during rush hours on I-235, the MacVicar  
3 freeway, in the Des Moines metropolitan area. The  
4 study shall at minimum consider:

5 (1) Coordination of HOV lanes with bus schedules  
6 and downtown transit mall services.

7 (2) Integrated policies to encourage carpooling  
8 and use of mass transit as an alternative to private  
9 vehicle usage and expansion of the MacVicar freeway to  
10 accommodate increased traffic use.

11 b. The study shall propose a trial HOV program for  
12 implementation in fiscal year 1992, and shall report  
13 the proposal and estimated costs of the trial program,  
14 to the general assembly, no later than July 1, 1991.  
15 The trial HOV program plan shall include consideration  
16 and proposals for:

17 (1) Suburban park and ride mass transit.

18 (2) Downtown parking requirements, especially cost  
19 savings from reduced parking demand.

20 (3) Mass transit marketing and route selection.

21 (4) Marketing, promotion, and incentives for  
22 carpooling.

23 (5) Specific lanes to be designated HOV lanes for  
24 designated timeframes, required signage, and  
25 enforcement mechanisms.

26 2. The state department of transportation shall  
27 provide any requested assistance to the Des Moines  
28 metropolitan transit authority to perform the study  
29 required in subsection 1, and shall coordinate such  
30 work with the study required pursuant to subsection 4.

31 3. The state department of transportation shall  
32 study the incorporation of HOV lanes in any  
33 improvements or expansion of I-235, and in the  
34 proposed construction of a north-south downtown loop  
35 bypass, and shall describe in detail in any report the  
36 consideration given to HOV lanes, their likely impact  
37 upon traffic density and safety, and their viability  
38 as an alternative to expansion or for incorporation in  
39 planned construction. An HOV lane study shall  
40 consider integrated policies to encourage carpooling  
41 and use of mass transit as an alternative to commuting  
42 by private passenger single occupant automobiles.

43 Sec. \_\_\_\_ . STATE EMPLOYEE CARPOOLING INCENTIVE  
44 STUDY.

45 1. The state department of transportation, in  
46 consultation with the department of management, shall  
47 study and develop a proposal for a program for  
48 encouraging state employees to commute to work by mass  
49 transit or in carpools when and where feasible and to  
50 otherwise manage the demand for parking at state owned

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1 or operated facilities. The proposal shall be  
2 presented to the general assembly on or before January  
3 15, 1991. The program shall at minimum include  
4 consideration of the following:

5 a. For capitol complex employees creating a pool  
6 of funds for paying incentives for carpooling to  
7 reduce the demand for parking spaces, and to fund  
8 related carpooling expenses including promotional  
9 expenses and clearinghouse expenses.

10 b. For any other location at which two hundred  
11 fifty or more state employees are located, creating a  
12 pool of funds for paying incentives for carpooling and  
13 to fund related carpooling expenses, including  
14 promotional expenses and clearinghouse expenses.

15 2. The study shall examine the cost of providing  
16 parking spaces at representative locations, including  
17 the capitol complex, and estimates of the cost of  
18 carpooling programs for state employees, including but  
19 not limited to financial incentives, such as direct  
20 bonuses and cost-sharing for the expense of mass  
21 transit fare, and shall estimate the savings to be  
22 realized from reduced demand for parking spaces. The  
23 study should include a range of options for  
24 consideration by the general assembly and associated  
25 differential cost benefit analysis for each option."

26 51. By renumbering as necessary.

By MICHAEL E. GRONSTAL  
PAUL D. PATE  
PAT DELUHERY  
H. KAY HEDGE

RICHARD J. VARN  
MIKE CONNOLLY  
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S-5262 FILED FEBRUARY 27, 1990

*Adopted as amended by S-279, S-270, S-268,  
2/28 (of 300)*

SENATE FILE 2403

S-5275

1 Amend the amendment SF 2403.303, to Senate File  
2 2403, as follows:

3 1. Page 4, by striking lines 7 through 34.

4 2. Page 4, line 36, by striking the word  
5 "paragraph" and inserting the following:

6 "paragraphs".

7 3. Page 4, by inserting after line 36, the  
8 following:

9 "NEW UNNUMBERED PARAGRAPH. A school district, area  
10 school, area education agency, city, or county shall  
11 design and construct the most energy cost-effective  
12 facilities feasible and shall use the financing made  
13 available by the department to cover the incremental  
14 costs above minimum building code energy efficiency  
15 standards of purchasing energy efficient devices and  
16 materials unless other lower cost financing is  
17 available. As used in this section, "facility" means  
18 a structure that is heated or cooled by a mechanical  
19 or electrical system, or any system of physical  
20 operation that consumes energy to carry out a  
21 process."

22 4. By renumbering as necessary.

By RICHARD VARN

PAT DELUHERY

MICHAEL E. GRONSTAL

PAUL D. PATE

S-5275 FILED FEBRUARY 28, 1990

ADOPTED (7.799)



SENATE FILE 2403

S-5268

1 Amend the amendment S-5262, to Senate File 2403, as  
2 follows:  
3 1. Page 11, by inserting after line 13, the  
4 following:  
5 "3. Each regional transit system shall conduct a  
6 transportation survey of a statistically relevant and  
7 representative portion of its businesses and workers  
8 concerning transportation patterns and needs. Among  
9 the survey topics to be covered are commuting  
10 patterns, willingness to carpool for commuting to and  
11 from work, the use of mass transit, and the  
12 impediments to carpooling or use of mass transit.  
13 Based upon the results of the survey, the regional  
14 transit system shall formulate strategies for reducing  
15 motor vehicle fuel consumption, and shall file the  
16 survey results and proposed strategies with the state  
17 department of transportation on or before January 15,  
18 1992. A regional transit system may cooperate with a  
19 city over fifty thousand in population located within  
20 the region to conduct a combined survey which  
21 satisfies the requirements of both subsection 2 and  
22 this subsection."  
23 2. By renumbering as necessary.

By MIKE CONNOLLY

S-5268 FILED FEBRUARY 28, 1990  
ADOPTED (p. 799)

SENATE FILE 2403

S-5270

1 Amend the amendment, S-5262, to Senate File 2403,  
2 as follows:  
3 1. Page 8, by striking lines 20 through 22 and  
4 inserting the following: "contracting practices. The  
5 ~~natural-gas-supply-and-cost-review-shall-be-conducted~~  
6 ~~as-a-contested-case-pursuant-to-chapter-17A-~~".  
7 2. Page 9, by striking lines 11 and 12 and  
8 inserting the following: "~~The-proceeding-shall-be~~  
9 ~~conducted-as-a-contested-case-pursuant-to-chapter-17A-~~  
10 Under procedures".

By MICHAEL E. GRONSTAL  
H. KAY HEDGE  
PAT DELUHERY

S-5270 FILED FEBRUARY 28, 1990  
ADOPTED (p. 799)

## SENATE FILE 2403

5279

Amend the amendment S-5262, to Senate File 2403, as follows:

1. Page 11, by striking lines 40 and 41, and inserting the following: "metropolitan interchange of the interstate highway system. A report shall be prepared".
2. Page 11, lines 46 and 47, by striking the word and figure "on I-235" and inserting the following: "on the state's metropolitan controlled access freeways and interstate highways".
3. By striking page 11, line 49 through page 12, line 1, and inserting the following: "metering, and its incorporation in current or future highway construction or expansion plans for metropolitan controlled access freeways or interstate highways."
4. Page 12, by striking line 14, and inserting the following:
  1. Each urban transit system,".
5. Page 12, line 16, by striking the word "shall" and inserting the following: "may".
6. Page 12, lines 18 and 19, by striking the words "in the Des Moines", and inserting the following: "within the".
7. Page 12, by striking lines 21 and 22, and inserting the following:
  - a. Use of existing public road or highway median or right-of-way for light rail usage."
8. Page 12, line 24, by striking the word "downtown" and inserting the following: "business, retail, or industrial center".
9. Page 12, by striking lines 27 and 28, and inserting the following: "passenger service as an alternative to highway construction or expansion."
10. Page 12, by striking lines 44 through 46, and inserting the following: "provide any requested assistance to an urban transit system conducting a study. Studies shall be conducted as moneys are made available for this program."
11. Page 12, lines 48 and 49, by striking the words "The Des Moines metropolitan transit authority" and inserting the following: "Each urban transit system".
12. Page 13, lines 2 and 3, by striking the words "I-235, the MacVicar freeway, in the Des Moines" and inserting the following: "urban controlled access freeways or interstate highways within the".
13. Page 13, by striking line 6, and inserting the following: "and other mass transit services."
14. Page 13, line 9, by striking the words "expansion of the MacVicar freeway" and inserting the

S-5279

Page 2

1 following: "construction or expansion of urban roads  
2 or highways".

3 15. Page 13, lines 27 and 28, by striking the  
4 words "the Des Moines metropolitan transit authority"  
5 and inserting the following: "an urban transit  
6 system".

7 16. Page 13, by striking lines 33 through 35, and  
8 inserting the following: "improvements, expansion, or  
9 proposed construction of any urban controlled access  
10 freeway or interstate highway, and shall describe in  
11 detail in any report the".

12 17. By renumbering, relettering, and  
13 redesignating as necessary.

By PAUL D. PATE  
RICHARD J. VARN

S-5279 FILED FEBRUARY 28, 1990  
ADOPTED (p. 30)

Sen Energy 3/1, Amend per SSB 554 to Page 3/13

SENATE FILE 2403  
BY COMMITTEE ON ENVIRONMENT  
AND ENERGY UTILITIES

(SUCCESSOR TO SSB 2243)

(AS AMENDED AND PASSED BY THE SENATE FEBRUARY 28, 1990)

\_\_\_\_\_ - New Language by the Senate

\* Language Stricken by the Senate

<sup>per SSB 554</sup>  
Re Passed Senate, Date 4/6/90 (p. 1614) Passed House, Date 4/5/90 (p. 2064)  
Vote: Ayes 35 Nays 13 Vote: Ayes 72 Nays 23  
Approved May 8, 1990

A BILL FOR

1 An Act relating to energy efficiency.

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

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S.F. 2403

1 Section 1. Section 8.23, Code 1989, is amended to read as  
2 follows:

3 8.23 ANNUAL DEPARTMENTAL ESTIMATES.

4 On or before September 1, next prior to each legislative  
5 session, all departments and establishments of the government  
6 shall transmit to the director, on blanks to be furnished by  
7 the director, estimates of their expenditure requirements,  
8 including every proposed expenditure, for the ensuing fiscal  
9 year, classified so as to distinguish between expenditures  
10 estimated for administration, operation, and maintenance, and  
11 the cost of each project involving the purchase of land or the  
12 making of a public improvement or capital outlay of a  
13 permanent character, together with supporting data and  
14 explanations as called for by the director. The budget  
15 estimates shall include a line item for energy expenses  
16 itemized by type of energy and location. The estimates of  
17 expenditure requirements shall be based upon seventy-five  
18 percent of the funding provided for the current fiscal year  
19 accounted for by program and the remainder of the estimate of  
20 expenditure requirements prioritized by program. The  
21 estimates shall be accompanied with performance measures for  
22 evaluating the effectiveness of the program. If a department  
23 or establishment fails to submit estimates within the time  
24 specified, the governor shall cause estimates to be prepared  
25 for that department or establishment as in the governor's  
26 opinion are reasonable and proper. The director shall furnish  
27 standard budget request forms to each department or agency of  
28 state government.

29 Sec. 2. Section 18.115, subsection 4, Code Supplement  
\* 30 1989, is amended by adding the following new paragraphs:

31 NEW PARAGRAPH. a. On or after January 1, 1992, the  
32 following listed agencies shall not purchase a motor vehicle  
33 weighing less than eight thousand five hundred pounds which  
34 does not have an average fuel efficiency rating equal to or  
35 greater than the corporate average fuel economy standard for

1 the automobile model year as established by the United States  
2 secretary of transportation under 15 U.S.C. § 2002:

3 (1) State vehicle dispatcher.

4 (2) State department of transportation.

5 (3) Institutions under the control of the state board of  
6 regents.

7 (4) The department for the blind.

8 (5) Any other state agency exempted from obtaining  
9 vehicles for use through the state vehicle dispatcher.

10 Special work vehicles, trucks other than light trucks, law  
11 enforcement vehicles, and passenger automobiles rated at more  
12 than five passengers in capacity, are exempt from this  
13 paragraph.

14 b. Effective January 1, 1993, the state vehicle  
15 dispatcher, after consultation with the department of  
16 management and the various state agencies exempted from  
17 obtaining vehicles for use through the state vehicle  
18 dispatcher, shall adopt by rule pursuant to chapter 17A, a  
19 system of uniform standards for assigning vehicles available  
20 for use to maximize the average passenger miles per gallon of  
21 motor vehicle fuel consumed. The standards should consider  
22 the number of passengers traveling to a destination, the fuel  
23 economy of and passenger capacity of vehicles available for  
24 assignment, and any other relevant information, to assure  
25 assignment of the most energy efficient vehicle or combination  
26 of vehicles for a trip from those vehicles available for  
27 assignment. The standards adopted by the state vehicle  
28 dispatcher shall not apply to special work vehicles, and law  
29 enforcement vehicles. The rules when adopted shall apply to  
30 the following agencies:

31 (1) State vehicle dispatcher.

32 (2) State department of transportation.

33 (3) Institutions under the control of the state board of  
34 regents.

35 (4) The department for the blind.

1 (5) Any other state agency exempted from obtaining  
2 vehicles for use through the state vehicle dispatcher.

3 c. As used in paragraph "a" and "b", "fuel economy" means  
4 the average number of miles traveled by an automobile per  
5 gallon of gasoline consumed as determined by the United States  
6 environmental protection agency administrator in accordance  
7 with 26 U.S.C. § 4064(c).

8 Sec. 3. NEW SECTION. 72.5 LIFE CYCLE COST.

9 1. A contract for a public improvement or construction of  
10 a public building, including new construction or renovation of  
11 an existing public building, by the state, or an agency or  
12 political subdivision of the state, shall not be let without  
13 satisfying the following requirements:

14 a. A design professional submitting a design development  
15 proposal for consideration of the public body shall at minimum  
16 prepare one proposal meeting the design program's space and  
17 use requirements which reflects the lowest life cycle cost  
18 possible in light of existing commercially available  
19 technology.

20 b. Submission of a cost benefit analysis of any deviations  
21 from the lowest life cycle cost proposal contained in other  
22 design proposals requested by or prepared for submission to  
23 the public body.

24 The public body may request additional design proposals in  
25 light of funds available for construction, aesthetic  
26 considerations, or any other reason.

27 This subsection applies for all design development  
28 proposals requested on or after January 1, 1991.

29 2. In connection with development of a statewide building  
30 energy efficiency rating system, pursuant to section 93.40,  
31 the director of the department of natural resources in  
32 consultation with the department of management, shall develop  
33 standards and methods to evaluate design development documents  
34 and construction documents based upon the energy efficiency  
35 rating system for public buildings, and other life cycle cost

1 factors, to facilitate fair and uniform comparisons between  
2 design proposals and informed decision making by public  
3 bodies.

4 3. The department of management shall develop a proposal  
5 for submission to the general assembly on or before January  
6 10, 1991, to create a division within the department of  
7 management to evaluate life cycle costs on design proposals  
8 submitted on public improvement and construction contracts for  
9 agencies and political subdivisions of the state, to assure  
10 uniform comparisons and professional evaluations of design  
11 proposals by an independent agency.

12 4. It is the intent of the general assembly to discourage  
13 construction of public buildings based upon lowest acquisition  
14 cost, and instead to require that such decisions be based upon  
15 life cycle costs to reduce energy consumption, maintenance  
16 requirements, and continuing burdens upon taxpayers.

\* 17 Sec. 4. NEW SECTION. 93.3 ENERGY EFFICIENCY GOAL.

18 The goal of this state is to more efficiently utilize  
19 energy resources, especially those that are nonrenewable or  
20 that have negative environmental impacts, in order to enhance  
21 the economy of the state and to decrease the state's  
22 dependence on energy resources from outside the state by  
23 reducing the amount of energy used to produce each dollar of  
24 gross state product. This goal is to be implemented through  
25 the development of programs that promote energy efficiency and  
26 energy conservation by all Iowans, through the development and  
27 enhancement of an energy efficiency industry, through the  
28 development of indigenous energy resources that are  
29 economically and environmentally viable, and through the  
30 development and implementation of effective public information  
31 and education programs.

32 State government shall be a model and testing ground for  
33 the use of energy efficiency systems.

34 Sec. 5. Section 93.7, subsection 1, unnumbered paragraph  
35 2, Code Supplement 1989, is amended to read as follows:



1 The department shall develop the plan with the assistance  
2 of, and in consultation with, representatives of the energy  
3 industry, economic interests, the public, and other interested  
4 parties. The department shall submit a report to the general  
5 assembly concerning the status and implementation of the plan  
6 on a biennial basis. The biennial update shall contain an  
7 evaluation of all state energy programs including expected  
8 versus actual benefits and forecasts of future energy demand  
9 in Iowa.

10 Sec. 6. Section 93.7, subsection 4, unnumbered paragraph  
11 1, Code Supplement 1989, is amended to read as follows:

12 Establish a central depository within the state for energy  
13 data. The central depository shall be located at or  
14 accessible through a library which is a member of an  
15 interlibrary loan program to facilitate access to the data and  
16 information contained in the central depository. The  
17 department shall collect data necessary to forecast future  
18 energy demands in the state. The department may require a  
19 supplier to provide information pertaining to the supply,  
20 storage, distribution and sale of energy sources in this  
21 state. The information shall be furnished on a periodic  
22 basis, shall be of a nature which directly relates to the  
23 supply, storage, distribution and sale of energy sources, and  
24 shall not include any records, documents, books or other data  
25 which relate to the financial position of the supplier.  
26 Provided the department, prior to requiring any supplier to  
27 furnish it with such information, shall make every reasonable  
28 effort to determine if the same is available from any other  
29 governmental source. If it finds such information is  
30 available, the department shall not require submission of the  
31 same from a supplier. Notwithstanding the provisions of  
32 chapter 22, information and reports obtained under this  
33 section shall be confidential except when used for statistical  
34 purposes without identifying a specific supplier and when  
35 release of the information will not give an advantage to

1 competitors and serves a public purpose. The department shall  
2 use this data to conduct energy forecasts which shall be  
3 included in the biennial update required by section 93.7,  
4 subsection 1.

5 Sec. 7. Section 93.7, subsection 5, Code Supplement 1989,  
6 is amended to read as follows:

7 5. Develop, recommend, and recommend implement with  
8 appropriate agencies public and professional education and  
9 communication programs in energy efficiency, energy  
10 conservation, and conversion to alternative sources of energy.

11 Sec. 8. Section 93.7, Code Supplement 1989, is amended by  
12 adding the following new subsection:

13 NEW SUBSECTION. 15. Conduct a study on activities related  
14 to energy production and use which contribute to global  
15 climate change and the depletion of the stratospheric ozone  
16 layer. The study shall identify the types and relative  
17 contributions of these activities in Iowa. The department  
18 shall develop a strategy to reduce emissions from activities  
19 identified as having an adverse impact on the global climate  
20 and the stratospheric ozone layer. The department shall  
21 submit a report containing its findings and recommendations to  
22 the governor and general assembly by January 1, 1992.

23 Sec. 9. Section 93.20, Code 1989, is amended by adding the  
24 following new unnumbered paragraphs:

25 NEW UNNUMBERED PARAGRAPH. A school district, area school,  
26 area education agency, city, or county shall design and  
27 construct the most energy cost-effective facilities feasible  
28 and shall use the financing made available by the department  
29 to cover the incremental costs above minimum building code  
30 energy efficiency standards of purchasing energy efficient  
31 devices and materials unless other lower cost financing is  
32 available. As used in this section, "facility" means a  
33 structure that is heated or cooled by a mechanical or  
34 electrical system, or any system of physical operation that  
35 consumes energy to carry out a process.

1 NEW UNNUMBERED PARAGRAPH. The department shall not require  
2 a school district, area school, area educational agency, city,  
3 or county to implement a specific energy conservation measure  
4 identified in a comprehensive engineering analysis if the  
5 political subdivision which prepared the analysis demonstrates  
6 to the department that the facility which is the subject of  
7 the energy conservation measure is unlikely to be used or  
8 operated for the full period of the expected payback of the  
9 energy conservation measure.

10 Sec. 10. NEW SECTION. 93.40 STATEWIDE BUILDING ENERGY  
11 EFFICIENCY RATING SYSTEM.

12 1. The director shall adopt rules, pursuant to chapter  
13 17A, establishing a statewide building energy efficiency  
14 rating system. The rating system shall apply to all new and  
15 existing public, commercial, industrial, and residential  
16 buildings in the state and shall be established subject to the  
17 following schedule:

- \* 18 a. Ratings for new residential buildings by July 1, 1991.
- \* 19 b. Ratings for existing residential buildings by July 1,  
20 1992.
- \* 21 c. Ratings for new public buildings by July 1, 1993.
- \* 22 d. Ratings for existing public buildings by July 1, 1994.
- \* 23 e. Ratings for new commercial and industrial buildings by  
24 July 1, 1994.
- 25 f. Ratings for existing commercial and industrial  
26 buildings by July 1, 1995.

27 The director shall adopt a minimum acceptable energy  
28 efficiency standard for each class of buildings.

29 2. a. The energy efficiency rating shall be disclosed to  
30 a prospective buyer prior to accepting an offer to purchase.  
31 With each declaration of value submitted to a county recorder  
32 under chapter 428A, a statement shall also be submitted, on  
33 forms provided by the department, that indicates the energy  
34 efficiency rating of the building, effective one year after  
35 ratings are adopted by the department for the class to which

1 the building which is the subject of the declaration of value  
2 belongs. The prospective buyer may withdraw an offer to  
3 purchase or rescind the contract at any time through the  
4 closing and incur no liability if the seller or the seller's  
5 agent fails to disclose the energy efficiency rating of a  
6 building proposed to be sold. The prospective buyer may  
7 withdraw an offer to purchase and incur no liability based  
8 upon the energy efficiency rating disclosed.

9 b. The energy efficiency rating shall be disclosed to a  
10 prospective lessee prior to accepting an offer to lease. On  
11 or after one year from the date on which the ratings are  
12 adopted by the department for the class of buildings to which  
13 the property to be leased belongs, the rating of the building  
14 shall be included in any written lease entered into,  
15 continued, or renewed. The prospective lessee may withdraw an  
16 offer to lease or rescind the lease at any time up until  
17 possession of the premises is delivered and incur no liability  
18 if the lessor or the lessor's agent fails to disclose the  
19 energy efficiency rating of a building proposed to be leased.  
20 The prospective lessee may withdraw an offer to lease and  
21 incur no liability based upon the energy efficiency rating  
22 disclosed.

23 c. The prime design professional of a new residential or  
24 commercial building shall state in writing to the department  
25 that to the best of the person's knowledge, information, and  
26 belief, the new building is in substantial compliance with the  
27 minimum energy efficiency guidelines established by rule of  
28 the department and the energy efficiency rating for the  
29 building based upon the system adopted pursuant to subsection  
30 1.

31 d. Concurrent with the disclosure of an energy efficiency  
32 rating pursuant to paragraphs "a" through "c", the prospective  
33 purchaser or lessee shall be provided with a copy of an  
34 information brochure prepared or approved by the department  
35 which includes information relevant to that class of building.

1 including, but not limited to:

2 (1) How to analyze the building's energy efficiency  
3 rating.

4 (2) Comparisons to statewide averages for new and existing  
5 construction of that class.

6 (3) Annual energy cost conversion information based upon  
7 statewide average energy rates or reasonably current local  
8 rates.

9 (4) Information concerning methods to improve a building's  
10 energy efficiency rating.

11 (5) A notice for residential buyers that qualifying income  
12 for mortgage loan purposes may be affected by the energy  
13 efficiency rating.

14 e. The design professional shall inform the owner to the  
15 best of the design professional's knowledge of energy  
16 efficiency options available and the associated costs and  
17 benefits of the options.

18 f. A new residential, commercial, or industrial building  
19 shall not be hooked up or connected to any provider of  
20 electricity, whether a regulated utility, rural electric  
21 cooperative, municipal utility, or otherwise; or natural gas,  
22 except liquid petroleum, unless the builder states in writing  
23 to the utility that to the best of the builder's knowledge,  
24 information, and belief, the building was built in accordance  
25 with the construction documents.

26 g. Each public building proposed for construction,  
27 renovation, or acquisition shall be rated pursuant to the  
28 energy efficiency rating system provided in subsection 1 prior  
29 to contracting for the construction, renovation, or  
30 acquisition. The public body proposing to contract for  
31 construction, renovation, or acquisition for a public building  
32 shall consider the energy efficiency ratings of alternatives  
33 when contracting.

34 3. The energy efficiency rating system adopted by the  
35 department shall provide a means of analyzing and comparing

1 the relative energy efficiency of buildings upon sale or lease  
2 of new or existing residential, commercial, or industrial  
3 buildings. The system shall provide for rating each public  
4 building in existence to assist public officials in decision  
5 making with regard to capital improvements and public energy  
6 costs.

7 4. The director shall establish a voluntary working group  
8 of persons and interest groups interested in the energy  
9 efficiency rating system or energy efficiency. The interest  
10 group shall advise the department in the development of the  
11 energy efficiency rating system and shall assist the  
12 department in implementation of the rating system by  
13 coordinating education programs for design professionals,  
14 builders, businesses, and other interested persons to assist  
15 compliance and to facilitate incorporation of the rating  
16 system into existing practices. The intent of the general  
17 assembly is to encourage the consideration of the energy  
18 efficiency rating system in the market, so as to provide  
19 market rewards for energy efficient buildings and those  
20 designing, building, or selling energy efficient buildings.

21 5. All public buildings shall be analyzed for energy  
22 efficiency using this rating system by July 1, 1995. The  
23 results of that analysis shall be submitted to the department  
24 by August 1, 1995. The department shall submit a report to  
25 the governor and general assembly by January 15, 1996, that  
26 analyzes the results of this evaluation of public buildings  
27 and includes recommendations. The results of the analysis of  
28 each building shall be submitted to the public agency or  
29 governmental subdivision which owns or operates that building  
30 as well.

31 6. The director shall make available energy efficiency  
32 practices information to be used by individuals involved in  
33 the design, construction, retrofitting, and maintenance of  
34 buildings for state and local governments.

35 7. For purposes of this section and section 93.41:

1 a. "Builder" means the prime contractor that hires and  
2 coordinates building subcontractors or if there is no prime,  
3 the contractor that completes more than fifty percent of the  
4 total construction work performed on the building.  
5 Construction work includes, but is not limited to, foundation,  
6 framing, wiring, plumbing, and finishing work.

7 b. Design professional" means the architect, engineer,  
8 landscape architect, builder, interior designer or other  
9 person, whether a registered design professional or not, who  
10 performs the actual design work or if under whose direct  
11 supervision and responsible charge the construction documents  
12 are prepared.

13 c. "Public building" means a building owned or operated by  
14 the state, a state agency, or a governmental subdivision,  
15 including but not limited to a city, county, or school  
16 district.

17 8. The director may report an architect, professional  
18 engineer, or landscape architect to the appropriate examining  
19 board if the director believes the person has engaged in  
20 fraudulent conduct in connection with an energy efficiency  
21 rating for a building. The director may report a builder to  
22 the division of labor, bureau of contractor registration, if  
23 the director believes the builder has engaged in fraudulent  
24 conduct in connection with an energy efficiency rating for a  
25 building.

26 Sec. 11. Section 214A.2, subsection 3, Code Supplement  
27 1989, is amended by striking the subsection and inserting in  
28 lieu thereof the following:

29 3. a. Gasoline with a mixture of ten percent or more  
30 ethanol, but not more than thirteen percent, shall be known as  
31 gasohol.

32 b. Gasoline with a mixture of more than thirteen percent  
33 ethanol, but not more than twenty-five percent, shall be known  
34 as high blend ethanol. For purposes of chapters 323A, 324,  
35 and 422, high blend ethanol shall be treated as gasohol.

1 c. Gasoline shall not contain a mixture of more than  
2 twenty-five percent ethanol.

\* 3 Sec. 12. NEW SECTION. 214A.19 STATE ALTERNATE FUEL  
4 PROGRAMS.

5 1. The state shall purchase and use high blend ethanol for  
6 all state-owned passenger vehicles suitable for such fuel,  
7 when and if high blend ethanol is available and approved for  
8 such use by the United States environmental protection agency.  
9 The state department of transportation and the state vehicle  
10 dispatcher shall cooperate with the state board of regents and  
11 institutions under the control of the state board of regents  
12 in obtaining a waiver from the United States environmental  
13 protection agency to conduct a demonstration program for the  
14 use of high blend ethanol, and shall, if a waiver is obtained,  
15 cooperate in conducting the demonstration program in  
16 consultation with the department of natural resources.

17 2. The governor shall seek the cooperation of the  
18 governors of the states of Nebraska, Illinois, Indiana, and  
19 Missouri, to establish a consortium on alternative fuels. The  
20 purpose of the consortium shall be to establish regional  
21 cooperation for research and marketing of alternative fuels  
22 produced within the region. The consortium may also  
23 coordinate presentation of regional policy on alternative  
24 fuels to automakers and federal regulatory authorities.

\* 25 Sec. 13. Section 258A.2, Code 1989, is amended by adding  
26 the following new subsection:

27 NEW SUBSECTION. 2A. The state board of engineering and  
28 land surveyors, the board of architectural examiners, the  
29 board of landscape architectural examiners, and the department  
30 of natural resources shall cooperate with each other and with  
31 persons who typically offer continuing education courses for  
32 design professionals to make available energy efficiency  
33 related continuing education courses, and to encourage  
34 interdisciplinary cooperation and education concerning  
35 available energy efficiency strategies for employment in the



1 state's construction industry.

\* 2 Sec. 14. NEW SECTION. 268.5 ENERGY EFFICIENCY AND WASTE  
3 REDUCTION REFERRALS.

4 At the time the department approves assistance for an  
5 applicant, the person shall also be provided with information  
6 regarding the nature and source of other technical assistance  
7 available in the state to assist the applicant on design and  
8 management matters concerning energy efficiency and waste  
9 reduction. The department shall review the extent to which  
10 recommendations made to grantees are in fact implemented by  
11 the grantees.

12 Sec. 15. Section 476.1, unnumbered paragraph 7, Code 1989,  
13 is amended to read as follows:

14 The jurisdiction of the board under this chapter shall  
15 include programs designed to promote the use of energy  
16 conservation efficiency strategies by rate or service-  
17 regulated gas and electric utilities. These programs shall be  
18 cost effective. The board may initiate these programs as  
19 pilot projects to accumulate sufficient data to determine if  
20 the programs meet the requirements of this paragraph. The  
21 board may require electric and gas utilities to offer a rebate  
22 or coupon program for purchases of goods which contribute to  
23 energy efficiency as part of the utility's energy efficiency  
24 program. If a rebate or coupon program is required, the board  
25 shall adopt rules providing for uniform administration of the  
26 program.

27 Sec. 16. Section 476.1A, unnumbered paragraph 1, Code  
28 Supplement 1989, is amended to read as follows:

29 Electric public utilities having ~~less~~ fewer than ten  
30 thousand customers and electric cooperative corporations and  
31 associations are not subject to the rate regulation authority  
32 of the board. Such utilities are subject to all other  
33 regulation and enforcement activities of the board, including:

34 Sec. 17. Section 476.1A, unnumbered paragraph 2, Code  
35 Supplement 1989, is amended to read as follows:

1        However, sections 476.20, 476.21, 476.41 through 476.44,  
2 476.51, 476.56, 476.62, and 476.66 and chapters 476A and 478,  
3 to the extent applicable, apply to such electric utilities.  
4 Such electric utilities are subject to the rules adopted by  
5 the board which require filing plans for projects designed to  
6 promote the use of energy efficiency strategies. However, the  
7 board may waive the filing requirements upon a showing of good  
8 cause.

9        Sec. 18. Section 476.1B, subsection 2, Code Supplement  
10 1989, is amended to read as follows:

11        2. Municipally owned utilities shall be required to adhere  
12 to the requirements of the following sections of the Code but  
13 all rules and regulations to enforce these sections shall lie  
14 with each local municipal utility's governing board. The  
15 board has no authority concerning these sections as they apply  
16 to municipal utilities:

17        a. Peak-load management techniques, as set forth in  
18 section 476.17.

19        b. ~~Promulgation~~ Adoption of rules concerning the use of  
20 energy ~~conservation~~ efficiency strategies, as set forth in  
21 section ~~476-2~~ 476.6, subsection 19. However, municipally  
22 owned utilities shall be subject to rules adopted by the board  
23 which require filing plans for projects designed to promote  
24 the use of energy efficiency strategies. The board may waive  
25 the filing requirements upon a showing of good cause. This  
26 paragraph does not subject the rates of municipally owned  
27 utilities to the regulatory authority of the board.

28        Sec. 19. Section 476.1C, subsection 1, unnumbered  
29 paragraph 1, Code 1989, is amended to read as follows:

30        Gas public utilities having ~~less~~ fewer than two thousand  
31 customers are not subject to the regulation authority of the  
32 utilities board under this chapter unless otherwise  
33 specifically provided. Sections 476.10, 476.20, 476.21, and  
34 476.51 apply to such gas utilities. Such gas utilities are  
35 subject to rules adopted by the board which require filing

1 plans for projects designed to promote the use of energy  
2 efficiency strategies.

3 Sec. 20. Section 476.2, unnumbered paragraph 5, Code 1989,  
4 is amended by striking the paragraph.

5 Sec. 21. Section 476.6, subsection 15, unnumbered  
6 paragraph 1, Code Supplement 1989, is amended to read as  
7 follows:

8 The board shall periodically, but not less than annually,  
9 conduct a proceeding for the purpose of evaluating the  
10 reasonableness and prudence of a rate-regulated public  
11 utility's natural gas procurement and contracting practices.  
12 ~~The natural gas supply and cost review shall be conducted as a~~  
13 ~~contested case pursuant to chapter 17A.~~

14 Sec. 22. Section 476.6, subsection 15, unnumbered  
15 paragraph 3, Code Supplement 1989, is amended by striking the  
16 paragraph.

17 Sec. 23. Section 476.6, subsection 15, unnumbered  
18 paragraph 4, Code Supplement 1989, is amended to read as  
19 follows:

20 During the natural gas supply and cost review, the board  
21 shall evaluate the reasonableness and prudence of the gas  
22 procurement plan. In evaluating the gas procurement plan, the  
23 board shall consider the volume, cost, and reliability of the  
24 major alternative gas supplies available to the utility; the  
25 cost of alternative fuels available to the utility's  
26 customers; the availability of gas in storage; the appropriate  
27 legal and regulatory actions which the utility could take to  
28 minimize the cost of purchased gas; the gas procurement  
29 practices of the utility; and other relevant factors. If a  
30 utility is not taking all reasonable actions to minimize its  
31 purchase gas costs, consistent with assuring an adequate long-  
32 term supply of natural gas, the board shall not allow the  
33 utility to recover from its customers may initiate contested  
34 case proceedings to more fully review such costs and may  
35 disallow purchase gas costs in excess of those costs that

1 would be incurred under reasonable and prudent policies and  
2 practices.

3 Sec. 24. Section 476.6, subsection 15, unnumbered  
4 paragraphs 5 and 6, Code Supplement 1989, are amended by  
5 striking the paragraphs.

6 Sec. 25. Section 476.6, subsection 16, unnumbered  
7 paragraph 1, Code Supplement 1989, is amended to read as  
8 follows:

9 The board shall conduct an annual proceeding for the  
10 purpose of evaluating the reasonableness and prudence of a  
11 rate-regulated public utility's procurement and contracting  
12 practices related to the acquisition of fuel for use in  
13 generating electricity. ~~The proceeding shall be conducted as~~  
14 a contested case pursuant to chapter 17A. Under procedures  
15 established by the board, the utility shall file information  
16 as the board deems appropriate. If a utility is not taking  
17 all reasonable actions to minimize its fuel costs, the board  
18 shall not allow the utility to recover from its customers fuel  
19 may initiate contested case proceedings to more fully review  
20 said costs and may disallow costs in excess of those costs  
21 that would be incurred under reasonable and prudent policies  
22 and practices.

23 Sec. 26. Section 476.6, subsection 16, unnumbered  
24 paragraph 2, Code Supplement 1989, is amended by striking the  
25 paragraph.

26 Sec. 27. Section 476.6, Code Supplement 1989, is amended  
27 by adding the following new subsections:

28 NEW SUBSECTION. 19. ENERGY EFFICIENCY IMPLEMENTATION,  
29 COST REVIEW, AND COST RECOVERY.

30 a. The board shall conduct contested case proceedings for  
31 review of energy efficiency plans and budgets filed by rate-  
32 regulated gas or electric utilities. The board may approve,  
33 reject, or modify the plans and budgets. Notwithstanding the  
34 provisions of section 17A.19, subsection 5, in an application  
35 for judicial review of the board's decision concerning a

1 utility's energy efficiency plan or budget, the reviewing  
2 court shall not order a stay. Whenever a request to modify an  
3 approved plan or budget is filed subsequently by the office of  
4 consumer advocate or a rate-regulated gas or electric public  
5 utility, the board shall promptly initiate a formal proceeding  
6 if the board determines that any reasonable ground exists for  
7 investigating the request. The formal proceeding may be  
8 initiated at any time by the board on its own motion.

9 Implementation of board approved plans or budgets shall be  
10 considered continuous in nature and shall be subject to  
11 investigation at any time by the board or the office of the  
12 consumer advocate.

13 b. The board may periodically conduct a contested case  
14 proceeding to evaluate the reasonableness and prudence of a  
15 gas or electric rate-regulated public utility's practices and  
16 provide for the recovery of expenditures and related costs of  
17 the provision of energy efficiency projects. Notice to  
18 customers shall be in a manner prescribed by the board. The  
19 board shall consider the cost effectiveness of the projects  
20 and shall allow the utility to recover the reasonable  
21 expenditures and related costs of the projects determined to  
22 be cost effective. A utility may also recover the reasonable  
23 expenditures and related costs of an energy efficiency project  
24 which is not cost-effective if the board determines the  
25 utility was prudent and reasonable in the planning and  
26 implementation of the energy efficiency project. Reasonable  
27 expenditures and related costs shall include a return on  
28 energy efficiency program investment and the contribution to  
29 system costs lost due to energy efficiency practices and  
30 programs.

31 c. The board may provide for cost recovery pursuant to  
32 subsection 11. Amounts collected pursuant to this subsection  
33 which the board determines should be refunded to customers  
34 shall include interest at a rate to be determined by the  
35 board. Notwithstanding subsection 11, the adjustment shall

1 not be reduced to zero and incorporated in rates.

2 d. To the extent an energy efficiency practice or program  
3 yields net benefits, the net benefits shall be shared between  
4 the utility and its customers as the benefits occur. The  
5 utility's revenues from the sharing of benefits shall not be  
6 considered in determining its revenue requirements.

7 NEW SUBSECTION. 20. FILING OF FORECASTS.

8 The board shall periodically require each rate-regulated  
9 gas or electric public utility to file a forecast of future  
10 gas requirements or electric generating needs and the board  
11 shall evaluate the forecast. The forecast shall include, but  
12 is not limited to, a forecast of the requirements of its  
13 customers, its anticipated sources of supply, and its  
14 anticipated means of addressing the forecasted gas  
15 requirements or electric generating needs.

16 NEW SUBSECTION. 21. ENERGY EFFICIENCY PROGRAM FINANCING.

17 The board may require each rate-regulated gas or electric  
18 public utility to offer qualified customers the opportunity to  
19 enter into an agreement for the amount of moneys reasonably  
20 necessary to finance cost-effective energy efficiency  
21 improvements to the qualified customers' residential dwellings  
22 or businesses.

23 Sec. 28. Section 476.8, unnumbered paragraph 1, Code 1989,  
24 is amended to read as follows:

25 Every public utility is required to furnish reasonably  
26 adequate service and facilities. "Reasonably adequate service  
27 and facilities" for public utilities furnishing gas or  
28 electricity includes programs for customers to encourage the  
29 use of energy conservation efficiency and renewable energy  
30 sources. The charge made by any public utility for any heat,  
31 light, gas, energy conservation efficiency and renewable  
32 energy programs, water or power produced, transmitted,  
33 delivered or furnished, or communications services, or for any  
34 service rendered or to be rendered in connection therewith  
35 shall be reasonable and just, and every unjust or unreasonable

1 charge for such service is prohibited and declared unlawful.  
2 In determining reasonable and just rates, the board shall  
3 consider all factors relating to value and shall not be bound  
4 by rate base decisions or rulings made prior to the adoption  
5 of this chapter.

6 Sec. 29. Section 476.42, subsection 1, Code 1989, is  
7 amended by adding the following new unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. A facility which is a qualifying  
9 facility under 18 C.F.R. part 292, subpart B is not precluded  
10 from being an alternate energy production facility under this  
11 division.

12 Sec. 30. Section 476.42, Code 1989, is amended by adding  
13 the following new subsection:

14 NEW SUBSECTION. 2A. "Next generating plant" means an  
15 electric utility's assumed next coal-fired base load electric  
16 generating plant, whether planned or not, based on current  
17 technology and undiscounted current cost.

18 Sec. 31. Section 476.42, subsection 3, Code 1989, is  
19 amended by adding the following new unnumbered paragraph:

20 NEW UNNUMBERED PARAGRAPH. A facility which is a qualifying  
21 facility under 18 C.F.R. part 292, subpart B is not precluded  
22 from being a small hydro facility under this division.

23 Sec. 32. Section 476.43, subsection 3, unnumbered para-  
24 graph 1, Code 1989, is amended to read as follows:

25 The board ~~shall base the~~ may consider the following factors  
26 in setting rates for new facilities or new capacity from  
27 existing facilities on the following factors:

28 Sec. 33. Section 476.43, subsection 3, Code 1989, is  
29 amended by adding the following new paragraphs:

30 NEW PARAGRAPH. e. External factors, including but not  
31 limited to, environmental and economic factors.

32 NEW PARAGRAPH. f. Other relevant factors.

33 Sec. 34. Section 476.43, subsection 4, Code 1989, is  
34 amended by striking the subsection.

35 Sec. 35. Section 476.43, subsection 5, Code 1989, is

1 amended to read as follows:

2 5. In the case of a utility that purchases all or  
3 substantially all of its electricity requirements, the rates  
4 established under this section must be equal-to-the-current  
5 cost-to-the-electric-utility-of-similar-types-and-quantities  
6 of-electrical-service based on the electric utility's current  
7 purchased power costs.

8 Sec. 36. Section 476.44, Code 1989, is amended to read as  
9 follows:

10 476.44 EXCEPTIONS.

11 1. The board shall not require an electric utility to  
12 purchase or wheel electricity from an alternate energy  
13 production facility or small hydro facility unless the  
14 facility ~~meets-all-of-the-following-conditions~~ is owned or  
15 operated by an individual, firm, copartnership, corporation,  
16 company, association, joint stock association, city, town, or  
17 county that meets both of the following:

18 a. ~~Has an electric generating capacity of not more than~~  
19 ~~eighty megawatts.~~

20 b. ~~Is owned or operated by an individual, firm,~~  
21 ~~copartnership, corporation, company, association, joint stock~~  
22 ~~association, city, town, or county that:~~

23 {1} a. Is not primarily engaged in the business of  
24 producing or selling electricity, gas, or useful thermal  
25 energy other than electricity, gas, or useful thermal energy  
26 sold solely from alternate energy production facilities or  
27 small hydro facilities.

28 {2} b. Does not sell electricity, gas, or useful thermal  
29 energy to residential users other than the tenants or the  
30 owner or operator of the facility.

31 2. ~~The board shall not require an~~ An electric utility  
32 shall not be required to purchase or wheel electricity from a  
33 ~~small hydro facility unless the facility has an electric~~  
34 ~~generating capacity of not, at any one time,~~ more than eighty  
35 fifteen megawatts of power from alternate energy production



1 facilities.

2 Sec. 37. Section 476.63, Code Supplement 1989, is amended  
3 to read as follows:

4 476.63 ENERGY CONSERVATION-AND EFFICIENCY PROGRAMS.

5 The division shall consult with the energy-and-geological  
6 resources-division-of-the department of natural resources in  
7 the development and implementation of public utility energy  
8 conservation-and efficiency programs.

9 Sec. 38. Section 476.65, subsection 1, paragraph b, Code  
10 1989, is amended to read as follows:

11 b. That the results of the audit are available to any  
12 person engaged in the business of making or providing energy  
13 conservation efficiency improvements or services who requests  
14 the information whether the request is made for the customer  
15 individually or the request is made for the customer as a  
16 class.

17 Sec. 39. Section 476A.1, subsection 1, Code 1989, is  
18 amended to read as follows:

19 1. "Facility" means any electric power generating plant or  
20 a combination of plants at a single site, owned by any person,  
21 with a total capacity of one-hundred twenty megawatts of  
22 electricity or more and those associated transmission lines  
23 connecting the generating plant to either a power transmission  
24 system or an interconnected primary transmission system or  
25 both. Transmission lines subject to the provisions of this  
26 chapter shall not require a franchise under chapter 478.

27 Sec. 40. Section 476A.2, Code 1989, is amended by adding  
28 the following new subsection:

29 NEW SUBSECTION. 4. This chapter shall not apply to an  
30 electric power generating plant, or combination of plants at a  
31 single site, with a total capacity of more than twenty but  
32 less than one hundred megawatts of electricity if the owner or  
33 operator prior to January 1, 1990, has met all of the  
34 following conditions:

35 a. Acquired a site for the facility.

1 b. Publicly announced the intention to construct a  
2 facility at that site.

3 c. Let contracts for major components of the facility.

4 Sec. 41. Section 476A.6, subsection 4, paragraph c, Code  
5 1989, is amended to read as follows:

6 c. Establishment of cost-effective energy conservation  
7 efficiency and renewable energy services and programs.

8 Sec. 42. Section 476A.6, subsection 4, unnumbered  
9 paragraph 1, Code 1989, is amended to read as follows:

10 The applicant, if a public utility as defined in section  
11 476.1, has in effect a comprehensive energy management program  
12 designed to reduce peak loads and to increase efficiency of  
13 use of energy by all classes of customers of the utility, and  
14 the facility in the application is necessary notwithstanding  
15 the existence of the comprehensive energy management program.  
16 As used in this subsection, a "comprehensive energy management  
17 program" includes at a minimum the following:

18 Sec. 43. Section 476A.6, Code 1989, is amended by adding  
19 the following new subsection:

20 NEW SUBSECTION. 4A. The applicant, if a public utility as  
21 defined in section 476.1, shall demonstrate to the board that  
22 the utility has considered sources for long-term electric  
23 supply from either purchase of electricity or investment in  
24 facilities owned by other persons.

25 Sec. 44. Section 476A.6, subsection 5, Code 1989, is  
26 amended to read as follows:

27 5. The applicant, if a public utility as defined in  
28 section 476.1, has considered all feasible alternatives to the  
29 proposed facility including nongeneration alternatives; has  
30 ranked those alternatives by cost; has implemented the least-  
31 cost alternatives first; and the facility in the application  
32 is necessary notwithstanding the implementation of these  
33 alternatives.

34 Sec. 45. Section 476A.15, Code 1989, is amended by  
35 striking the section and inserting in lieu thereof the

1 following:

2 476A.15 WAIVER.

3 The board, if it determines that the public interest would  
4 not be adversely affected, may waive any of the requirements  
5 of this chapter for facilities with a capacity of one hundred  
6 or fewer megawatts.

7 Sec. 46. COMPREHENSIVE TRANSPORTATION ENERGY DEMAND AND  
8 PLANNING SURVEY.

9 1. The state department of transportation shall conduct a  
10 comprehensive transportation energy demand and planning survey  
11 within the state to determine where, how, and for what energy  
12 is being consumed for transportation related purposes within  
13 the state given current economic and demographic conditions.  
14 The survey shall be structured to provide policymakers  
15 detailed information on consumption patterns to permit  
16 formulation of future transportation and energy efficiency  
17 related policy on the basis of useful statistical information  
18 accompanied by clear and concise narrative analysis. The  
19 survey shall include an analysis of regional commuting  
20 patterns to permit policymakers to develop viable alternatives  
21 to commuting by private single occupant motor vehicles when  
22 traffic density and patterns permit.

23 2. A city with a population of fifty thousand or more  
24 shall conduct a transportation survey of a statistically  
25 relevant and representative portion of its businesses and  
26 workers concerning transportation patterns and needs. Among  
27 the survey topics to be covered are the willingness to carpool  
28 for commuting to and from work, the use of mass transit, the  
29 impediments to carpooling or use of mass transit. Based upon  
30 the results of the survey, the city shall formulate strategies  
31 for reducing motor vehicle fuel consumption, and shall file  
32 the survey results and proposed strategies with the state  
33 department of transportation on or before January 15, 1992.

34 3. Each regional transit system shall conduct a  
35 transportation survey of a statistically relevant and

1 representative portion of its businesses and workers  
2 concerning transportation patterns and needs. Among the  
3 survey-topics to be covered are commuting patterns,  
4 willingness to carpool for commuting to and from work, the use  
5 of mass transit, and the impediments to carpooling or use of  
6 mass transit. Based upon the results of the survey, the  
7 regional transit system shall formulate strategies for  
8 reducing motor vehicle fuel consumption, and shall file the  
9 survey results and proposed strategies with the state  
10 department of transportation on or before January 15, 1992. A  
11 regional transit system may cooperate with a city over fifty  
12 thousand in population located within the region to conduct a  
13 combined survey which satisfies the requirements of both  
14 subsection 2 and this subsection.

15     4. The department of management shall conduct a survey of  
16 a statistically relevant and representative portion of its  
17 agencies, including the institutions under the control of the  
18 state board of regents, and employees concerning  
19 transportation patterns and needs. Among the survey topics to  
20 be covered are the willingness of employees to carpool for  
21 commuting to and from work and to use mass transit, the  
22 impediments to carpooling or use of mass transit, and  
23 coordination of travel schedules with other agencies to permit  
24 shared transportation for state business when possible.

25     5. The department of management, in consultation with the  
26 department of natural resources, division of energy and  
27 geological resources, shall conduct a cost benefit analysis of  
28 telecommuting for state employees whose primary duties and  
29 services are typically performed by phone and who currently  
30 have access to computer or other telecommunication equipment  
31 at work. The resulting report on telecommuting shall be  
32 presented to the general assembly on or before January 15,  
33 1991.

34     Sec. 47. RAMP METERING PILOT PROGRAM.

35     The state department of transportation shall conduct a

1 trial program, for a six-month period at minimum, of a ramp  
2 metering system on at least one metropolitan interchange of  
3 the interstate highway system. A report shall be prepared for  
4 submission to the general assembly on or before July 1, 1992,  
5 summarizing the effectiveness of ramp metering in the trial  
6 program to reduce traffic congestion; its impact upon accident  
7 frequency and highway safety; and potential for expanded use  
8 on the state's metropolitan controlled access freeways and  
9 interstate highways. The report shall make specific  
10 recommendations regarding the future use and funding of  
11 traffic metering, and its incorporation in current or future  
12 highway construction or expansion plans for metropolitan  
13 controlled access freeways or interstate highways.

14 Sec. 48. INTEREST-FREE LOANS FOR VANPOOLS.

15 The state department of transportation shall prepare a  
16 recommendation including model legislation for an interest-  
17 free loan program for vanpools and other incentives for the  
18 formulation and operation of vanpools or carpools. The  
19 department shall in particular examine the structure and  
20 success of vanpool loan programs in other states, including  
21 Connecticut. The report shall include a cost benefit analysis  
22 and an estimate of the cost to implement an effective program  
23 in Iowa.

24 Sec. 49. LIGHT RAIL CORRIDOR STUDY.

25 1. Each urban transit system, with the cooperation of the  
26 state department of transportation, may study the feasibility  
27 of operating light rail passenger train service on existing  
28 rail or public road rights-of-way within the metropolitan  
29 area. The study shall at minimum consider:

30 a. Use of existing public road or highway median or right-  
31 of-way for light rail usage.

32 b. Use of existing railroad rights-of-way, especially  
33 those connecting business, retail, or industrial centers to  
34 major commuter destinations and community attractions for  
35 visitors.

1 c. Feasibility for implementing light rail passenger  
2 service as an alternative to highway construction or  
3 expansion.

4 2. The study shall include consideration and proposals  
5 for:

6 a. Suburban park and ride mass transit.

7 b. Downtown parking requirements, especially cost savings  
8 from reduced parking demand.

9 c. Integrated mass transit marketing and route selection.

10 d. Marketing, promotion, and incentives for light rail  
11 usage.

12 e. Economic development impact along suggested routes and  
13 from visitor usage, and impact upon attracting conventions and  
14 new business.

15 f. Financing alternatives for implementation, including  
16 special benefit district assessments.

17 3. The state department of transportation shall provide  
18 any requested assistance to an urban transit system conducting  
19 a study. Studies shall be conducted as moneys are made  
20 available for this program.

21 Sec. 50. HIGH OCCUPANCY VEHICLE LANE STUDY.

22 1. a. Each urban transit system, with the cooperation of  
23 the state department of transportation, shall study the  
24 feasibility of implementing high occupancy vehicle (HOV) lanes  
25 during rush hours on urban controlled access freeways or  
26 interstate highways within the metropolitan area. The study  
27 shall at minimum consider:

28 (1) Coordination of HOV lanes with bus schedules and other  
29 mass transit services.

30 (2) Integrated policies to encourage carpooling and use of  
31 mass transit as an alternative to private vehicle usage and  
32 construction or expansion of urban roads or highways to  
33 accommodate increased traffic use.

34 b. The study shall propose a trial HOV program for  
35 implementation in fiscal year 1992, and shall report the

1 proposal and estimated costs of the trial program, to the  
2 general assembly, no later than July 1, 1991. The trial HOV  
3 program plan shall include consideration and proposals for:  
4 (1) Suburban park and ride mass transit.  
5 (2) Downtown parking requirements, especially cost savings  
6 from reduced parking demand.  
7 (3) Mass transit marketing and route selection.  
8 (4) Marketing, promotion, and incentives for carpooling.  
9 (5) Specific lanes to be designated HOV lanes for  
10 designated timeframes, required signage, and enforcement  
11 mechanisms.

12 2. The state department of transportation shall provide  
13 any requested assistance to an urban transit system to perform  
14 the study required in subsection 1, and shall coordinate such  
15 work with the study required pursuant to subsection 4.

16 3. The state department of transportation shall study the  
17 incorporation of HOV lanes in any improvements, expansion, or  
18 proposed construction of any urban controlled access freeway  
19 or interstate highway, and shall describe in detail in any  
20 report the consideration given to HOV lanes, their likely  
21 impact upon traffic density and safety, and their viability as  
22 an alternative to expansion or for incorporation in planned  
23 construction. An HOV lane study shall consider integrated  
24 policies to encourage carpooling and use of mass transit as an  
25 alternative to commuting by private passenger single occupant  
26 automobiles.

27 Sec. 51. STATE EMPLOYEE CARPOOLING INCENTIVE STUDY.

28 1. The state department of transportation, in consultation  
29 with the department of management, shall study and develop a  
30 proposal for a program for encouraging state employees to  
31 commute to work by mass transit or in carpools when and where  
32 feasible and to otherwise manage the demand for parking at  
33 state owned or operated facilities. The proposal shall be  
34 presented to the general assembly on or before January 15,  
35 1991. The program shall at minimum include consideration of

1 the following:

2 a. For capitol complex employees creating a pool of funds  
3 for paying incentives for carpooling to reduce the demand for  
4 parking spaces, and to fund related carpooling expenses  
5 including promotional expenses and clearinghouse expenses.

6 b. For any other location at which two hundred fifty or  
7 more state employees are located, creating a pool of funds for  
8 paying incentives for carpooling and to fund related  
9 carpooling expenses, including promotional expenses and  
10 clearinghouse expenses.

11 2. The study shall examine the cost of providing parking  
12 spaces at representative locations, including the capitol  
13 complex, and estimates of the cost of carpooling programs for  
14 state employees, including but not limited to financial  
15 incentives, such as direct bonuses and cost-sharing for the  
16 expense of mass transit fare, and shall estimate the savings  
17 to be realized from reduced demand for parking spaces. The  
18 study should include a range of options for consideration by  
19 the general assembly and associated differential cost benefit  
20 analysis for each option.

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SENATE FILE 2403  
AMENDMENT H-5906 TO H-5655 TO SENATE FILE 2403  
FISCAL NOTE

A fiscal note for Amendment H-5906 to H-5655 to Senate File 2403 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.

Amendment H-5906 to H-5655 to Senate File 2403 requires non-rate regulated (Rural Electric Cooperatives and Municipal Utilities) to expend a percentage of their gross retail revenues on energy efficiency programs. Electric utilities would be required to expend 2% beginning in calendar year 1992, and 3% in calendar year 1994 and after. Gas utilities would be required to expend 1.5% in 1992 and 2% in 1994.

Assumptions:

1. Municipal electric utilities' gross retail revenues are \$202,000,000 per year.
2. Municipal gas utilities' gross retail revenues are \$6,500,000 per year.
3. Municipal combination utilities gross retail revenues are \$50,000,000 per year.
4. 97% of municipal combination utilities' gross revenues are from electric sales.

Fiscal Effect:

H-5906 would cause municipal utilities to expend a total of \$5,130,000 in calendar years 1992 and 1993, and \$7,675,000 in calendar year 1994 and beyond on energy efficiency.

Source: Utilities Board

(USB 7716sv.4, JWR)

FILED APRIL 3, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 2403  
AMENDMENT H-5655 TO SENATE FILE 2403  
FISCAL NOTE

A fiscal note for Amendment H-5655 to Senate File 2403 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.

Amendment H-5655 to Senate File 2403 requires rate-regulated utilities to expend a percentage of their gross retail revenues on energy efficiency programs. Electric utilities would be required to expend 2% beginning in calendar year 1992, and 3% in calendar year 1994 and after. Gas utilities would be required to expend 1.5% in 1992 and 2% in 1994. Amendment H-5906 to H-5655 would require municipal utilities and Rural Electric Cooperatives (REC) to dedicate the same percentages to energy conservation.

Assumptions:

1. Rate-regulated electric utilities' gross retail revenues are \$1,444,000,000 per year.
2. Rate-regulated gas utilities' gross retail revenues are \$594,000,000 per year.

Fiscal Effect:

H-5655 would cause rate-regulated utilities to expend a total of \$37,810,000 in calendar years 1992 and 1993, and \$55,200,000 in calendar year 1994 and beyond on energy efficiency.

Amendment H-5906 to H-5655 would cause municipal utilities to expend a total of \$5,130,000 in calendar years 1992 and 1993, and \$7,675,000 in 1994 and beyond. This same amendment would require the REC's to expend \$6,920,000 in calendar years 1992 and 1993, and \$10,380,000 in 1994 and beyond.

Source: Utilities Board

(LSB 7716sv.5, JWR)

FILED APRIL 4, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

## SENATE FILE 2403

H-5655

- 1 Amend Senate File 2403, as amended, passed, and  
2 reprinted by the Senate, as follows:
- 3 1. Page 13, line 21, by striking the word "may"  
4 and inserting the following: "shall".
- 5 2. Page 13, by striking line 24 and inserting the  
6 following: "program. The board".
- 7 3. Page 13, lines 25 and 26, by striking the  
8 words "the program." and inserting the following:  
9 "each program. The programs shall be in addition to  
10 the light bulb coupon program established pursuant to  
11 section 476.92, subsection 3, paragraph "c". The  
12 board may suspend the program requirements applicable  
13 to a utility under this section if the utility  
14 demonstrates that other utility programs are  
15 substantially more beneficial in conserving energy."
- 16 4. Page 15, by striking lines 5 through 13.
- 17 5. By striking page 15, line 17, through page 16,  
18 line 2.
- 19 6. Page 16, by striking lines 6 through 22.
- 20 7. By striking page 17, line 13, through page 18,  
21 line 6, and inserting the following:
- 22 "b. Only energy efficiency expenditures incurred  
23 after the effective date of this Act are recoverable  
24 under this subsection. A utility shall record its  
25 eligible energy efficiency expenditures in a separate  
26 account. The account shall include all expenditures  
27 regardless of whether the expenditures were for  
28 capital or expense items. The utility shall maintain  
29 complete records explaining all such expenditures. As  
30 an incentive, the utility may accrue an amount  
31 authorized by the board for the cost of money  
32 associated with the expenditures. If a utility  
33 provides different types of utility service and  
34 submits proposals for plans, programs, and budgets  
35 covering more than a single utility service, the  
36 utility shall assign or allocate expenditures to  
37 separate accounts for each type of utility service.
- 38 c. In a general rate proceeding, the utility may  
39 recover amounts in the account as provided in this  
40 subsection. Recovery shall take place through  
41 inclusion of all or part of the account balance in  
42 rate base and amortization of the amount over a period  
43 of time as set by the board. Provided, however, that  
44 capital shall not be amortized over a period greater  
45 than ten years, and items that would normally be  
46 considered an expense shall not be amortized over a  
47 period greater than three years.
- 48 The board shall allow recovery from the account  
49 balance, to the extent that the utility proves that  
50 its approved and authorized expenditures under the

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1 plans and programs were prudent, reasonable, and cost-  
2 effective, the utility proves that its expenditures  
3 under the plans and programs were prudent and  
4 reasonable but not that the expenditures were cost-  
5 effective, the board may allow recovery of amounts in  
6 the account as it deems just and proper, except that  
7 the board shall not allow recovery of the cost of  
8 money for the portion of the expenditures found not to  
9 be cost-effective. An expenditure or cost of money  
10 shall not be recovered under this paragraph unless the  
11 utility requesting the recovery proves that the type  
12 of expenditure or cost of money was never previously  
13 reflected in that utility's rates or charges.

14 Recovery may be permitted for allowance for funds used  
15 during construction if the board determines that the  
16 construction was useful.

17 Recovery procedures for amounts in the account set  
18 up pursuant to this subsection shall only apply to the  
19 first application filed by the utility or the office  
20 of consumer advocate for a general rate increase or  
21 decrease for each particular utility service of the  
22 rate-regulated utility."

23 8. Page 18, line 15, by inserting after the word  
24 "needs." the following: "The forecast for an electric  
25 utility shall be for a minimum of ten years and for a  
26 gas utility for a minimum of five years. However, the  
27 board, by rule adopted pursuant to chapter 17A, may  
28 extend the forecast horizon beyond these minimums."

29 9. Page 19, by striking lines 23 through 27.

30 10. Page 19, line 29, by striking the word  
31 "paragraphs" and inserting the following:  
32 "paragraph".

33 11. Page 19, by striking lines 30 through 32, and  
34 inserting the following:

35 "NEW PARAGRAPH. e. A utility shall be given a  
36 credit of fifteen percent if it uses an  
37 environmentally benign alternative. "Environmentally  
38 benign alternative" means an alternative method of  
39 energy production which has demonstrably less negative  
40 environmental impact than other currently available  
41 commercially viable alternatives.

42 In addition to the mandatory consideration factors  
43 of paragraphs "a" through "e", the board, in its sole  
44 discretion, may consider external factors, including  
45 but not limited to, environmental and economic  
46 factors, and other relevant factors."

47 12. Page 20, line 35, by striking the word  
48 "fifteen" and inserting the following: "the lesser of  
49 forty megawatts or four percent of the utility's  
50 generating capacity of".

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1 13. Page 21, by inserting after line 16, the  
2 following:  
3 "Sec. . . . NEW SECTION. 476.92 REVENUE  
4 REQUIREMENTS DEVOTED TO ENERGY EFFICIENCY.  
5 1. A rate-regulated electric utility shall  
6 annually expend the designated percentage of its  
7 revenue requirements on energy efficiency programs  
8 approved by the board according to the following  
9 schedule:  
10 Two percent by January 1, 1992.  
11 Three percent by January 1, 1994.  
12 2. A rate-regulated gas utility shall annually  
13 expend the designated percentage of its revenue  
14 requirements on energy efficiency programs approved by  
15 the board according to the following schedule:  
16 One and one-half percent by January 1, 1992.  
17 Two percent by January 1, 1994.  
18 3. Among the programs which a rate-regulated  
19 utility shall submit for approval to the board subject  
20 to this requirement are the following:  
21 a. A hot water heater insulation blanket  
22 distribution program, and installation for those who  
23 request installation. In any case, the utility shall  
24 inspect the installation to assure that it is  
25 performed correctly. A utility may use its own staff  
26 or contract with an independent contractor to perform  
27 these services, and a water heater distribution  
28 program is not a violation of sections 476.71 through  
29 476.83.  
30 b. A commercial lighting program reasonably  
31 structured to reduce total demand by existing  
32 commercial lighting customers by twenty-five percent  
33 total consumption within two years of initiating the  
34 program, provided that the program shall be  
35 commercially reasonable for the location and intensity  
36 of use and offer benefits in both rural and urban  
37 areas served by the utility.  
38 c. A coupon program for residential energy-  
39 efficient light bulbs.  
40 d. A tree-planting program sufficient to consume  
41 one-half of the carbon dioxide emitted by generating  
42 facilities operated by the utility in the state. One-  
43 half of the trees planted must be planted within the  
44 state. Tree plantings required by this paragraph for  
45 existing generating capacity shall be completed within  
46 five years from the effective date of this Act. A  
47 utility shall in implementing a tree planting program  
48 cooperate and consult with the department of natural  
49 resources, state forestry division and soil  
50 conservation division, and may cooperate with a

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1 nonprofit conservation group. The department of  
2 natural resources may approve protecting and  
3 maintaining a specific existing and threatened stand  
4 of trees as an alternative to planting an equivalent  
5 number of new trees. Tree planting programs are not  
6 required to show energy efficiency to be approved or  
7 for related costs to be credited for recovery  
8 purposes, but shall show carbon dioxide reduction.

9 4. An amount equal to ten percent of any donation,  
10 contribution, or payment to the electric power  
11 research institute or similar entity, shall be paid by  
12 the rate-regulated electric utility to the university  
13 of Iowa center on global change. An amount equal to  
14 ten percent of any donation, contribution, or payment  
15 to the electric power research institute or similar  
16 entity, shall be paid by the rate-regulated electric  
17 utility to the Iowa center on energy self-reliance at  
18 Iowa state university. A rate-regulated electric  
19 utility shall at minimum annually pay an amount equal  
20 to ten percent of its last donation, contribution, or  
21 payment to the electric power research institute or  
22 similar entity, if no such payment is made during a  
23 year.

24 5. An amount equal to ten percent of any donation,  
25 contribution, or payment to the gas research institute  
26 or similar entity, shall be paid by the rate-regulated  
27 gas utility to the university of Iowa center on global  
28 change. An amount equal to ten percent of any  
29 donation, contribution, or payment to the gas research  
30 institute or similar entity, shall be paid by the  
31 rate-regulated gas utility to the Iowa center on  
32 energy self-reliance at Iowa state university. A  
33 rate-regulated gas utility shall at minimum annually  
34 pay an amount equal to ten percent of its last  
35 donation, contribution, or payment to the gas research  
36 institute or similar entity, if no such payment is  
37 made during a year."

38 14. By renumbering and relettering as necessary.

By COMMITTEE ON ENERGY AND  
ENVIRONMENTAL PROTECTION

ROSENBERG of Story, Chairperson

H-5655 FILED MARCH 13, 1990

*W/R 4/5 (p. 304)*

SENATE FILE 2403

H-5670

1 Amend the amendment, H-5655, to Senate File 2403,  
2 as amended, passed, and reprinted by the Senate, as  
3 follows:

4 1. Page 2, line 35, by striking the words "A  
5 utility" and inserting the following: "An alternate  
6 energy production facility or small hydro facility".

By OSTERBERG of Linn

H-5670 FILED MARCH 14, 1990

*Placed 2 o/c 4/5 (p. 2041)*

SENATE FILE 2403

H-5675

1 Amend the amendment, H-5655, to Senate File 2403,  
2 as amended, passed, and reprinted by the Senate, as  
3 follows:

4 1. Page 3, lines 42 and 43, by striking the word  
5 "One-half" and inserting the following: "One  
6 hundred".

By McKEAN of Jones

H-5675 FILED MARCH 14, 1990

*Placed 2 o/c 4/5 (p. 2041)*

## SENATE FILE 2403

H-5905

1 Amend amendment, H-5655, to Senate File 2403, as  
 2 amended, passed, and reprinted by the Senate, as  
 3 follows:

- 4 1. Page 2, by striking lines 47 through 50.  
 5 2. By renumbering as necessary.

By JAY of Appanoose

DE GROOT of Lyon

KOENIGS of Mitchell

SIEGRIST of Pottawattamie

FOGARTY of Palo Alto

LUNDBY of Linn

H-5905 FILED MARCH 27, 1990

*Placed o/o 4/5 (7.2041)*

## SENATE FILE 2403

H-5906

1 Amend the amendment, H-5655, to Senate File 2403,  
 2 as amended, passed, and reprinted by the Senate, as  
 3 follows:

- 4 1. Page 3, line 5, by striking the words "A rate-  
 5 regulated" and inserting the following: "An".  
 6 2. Page 3, line 12, by striking the words "rate-  
 7 regulated".  
 8 3. Page 3, line 18, by striking the words "rate-  
 9 regulated".  
 10 4. Page 4, line 12, by striking the words "rate-  
 11 regulated".  
 12 5. Page 4, line 16, by striking the words "rate-  
 13 regulated".  
 14 6. Page 4, line 18, by striking the words "A  
 15 rate-regulated" and inserting the following: "An".  
 16 7. Page 4, line 26, by striking the words "rate-  
 17 regulated".  
 18 8. Page 4, line 31, by striking the words "rate-  
 19 regulated".  
 20 9. Page 4, line 33, by striking the words "rate-  
 21 regulated".

By BISIGNANO of Polk

SHONING of Woodbury

JESSE of Jasper

HANSEN of Woodbury

CONNORS of Polk

TABOR of Jackson

HAVERLAND of Polk

H-5906 FILED MARCH 27, 1990

*Placed o/o 4/5 (7.2041)*



**SENATE FILE 2403**

**H-5904**

1 Amend Senate File 2403, as amended, passed, and  
2 reprinted by the Senate, as follows:  
3 1. Page 6, by inserting after line 22, the  
4 following:  
5 "Sec. \_\_\_\_ . Section 93.13A, Code Supplement 1989,  
6 is amended by adding the following new unnumbered  
7 paragraph:  
8 NEW UNNUMBERED PARAGRAPH. The department shall not  
9 require a school district, area school, area education  
10 agency, city, or county to perform an engineering  
11 analysis if the school district, area education  
12 agency, city, or county demonstrates to the department  
13 that the facility which is the subject of the proposed  
14 engineering analysis at issue is unlikely to be in use  
15 or operation in six years."  
16 2. By renumbering as necessary.

By SHEARER & Louisa

**H-5904 FILED MARCH 27, 1990**

w/d 4/5 (p. 2062)

**SENATE FILE 2403**

**H-5802**

1 Amend Senate File 2403, as amended, passed, and  
2 reprinted by the Senate, as follows:  
3 1. Page 6, by inserting after line 22, the  
4 following:  
5 "Sec. \_\_\_\_ . Section 93.13A, Code Supplement 1989,  
6 is amended by adding the following new unnumbered  
7 paragraph:  
8 NEW UNNUMBERED PARAGRAPH. The department shall not  
9 require a school district, area school, area education  
10 agency, city, or county to perform an engineering  
11 analysis if the school district, area education  
12 agency, city, or county demonstrates to the department  
13 that the facility which is the subject of the proposed  
14 engineering analysis at issue is unlikely to be in use  
15 or operation in four years."  
16 2. By renumbering as necessary.

By MUHLBAUER of Crawford

**H-5802 FILED MARCH 21, 1990**

w/d 4/5 (p. 2062)

## SENATE FILE 2403

H-5973

1 Amend Senate File 2403, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting after line 28, the  
4 following:

5 "Sec. \_\_\_\_ . Section 18.115, subsection 4,  
6 unnumbered paragraph 2, Code Supplement 1989, is  
7 amended to read as follows:

8 In conjunction with the requirements of section  
9 18.3, subsection 1, effective January 1, 1990 1991,  
10 the state vehicle dispatcher, and any other state  
11 agency or local governmental political subdivision  
12 purchasing motor vehicles for other than law  
13 enforcement purposes, shall ~~each-year~~ purchase new  
14 passenger ~~automobiles~~ vehicles and light trucks such  
15 that the average fuel efficiency for the fleet of new  
16 passenger ~~automobiles~~ vehicles and light trucks  
17 purchased in that year by the state vehicle dispatcher  
18 ~~is-not-less-than-two-miles-per-gallon-under~~ or other  
19 state agency or local governmental political  
20 subdivision equals or exceeds the average fuel economy  
21 standard for the automobiles<sup>1</sup> vehicles' model year as  
22 established by the United States secretary of  
23 transportation under 15 U.S.C. § 2002. This paragraph  
24 does not apply to automobiles vehicles purchased for  
25 any of the following: law enforcement purposes; off-  
26 road maintenance work; or work vehicles used to pull  
27 loaded trailers. The group of comparable automobiles  
28 vehicles within the total fleet purchased by the state  
29 vehicle dispatcher, or any other state agency or local  
30 governmental political subdivision purchasing motor  
31 vehicles for other than law enforcement purposes,  
32 shall have an average fuel efficiency rating not-less  
33 than-two-miles-per-gallon-under equal to or exceeding  
34 the average fuel economy rating for that model year  
35 for that class of comparable automobiles vehicles as  
36 defined in 40 C.F.R. § 315-82. As used in this  
37 paragraph, "fuel economy" means the average number of  
38 miles traveled by an automobile per gallon of gasoline  
39 consumed as determined by the United States  
40 environmental protection agency administrator in  
41 accordance with 26 U.S.C. § 4064(c). For purposes of  
42 this paragraph, "state agency" includes, but is not  
43 limited to, a community college or an institution  
44 under the control of the state board of regents."

45 2. By striking page 1, line 31, through page 2,  
46 line 13.

47 3. Page 2, line 14, by striking the letter "b"  
48 and inserting the following: "a".

49 4. Page 3, by striking line 3 and inserting the  
50 following:

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1 "b. As used in paragraph "a", "fuel economy"  
2 means".

3 5. Page 12, by striking lines 3 through 16, and  
4 inserting the following:

5 "Sec. \_\_\_\_ . NEW SECTION. 214A.19 DEMONSTRATION  
6 GRANTS AUTHORIZED.

7 1. The department of natural resources,  
8 conditioned upon the availability of funds, is  
9 authorized to award demonstration grants to persons  
10 who purchase vehicles which operate on alternative  
11 fuels, including but not limited to, high blend  
12 ethanol, compressed natural gas, electricity, solar  
13 energy, or hydrogen. A grant shall be for the purpose  
14 of conducting research connected with the fuel or the  
15 vehicle, and not for the purchase of the vehicle  
16 itself, except that the money may be used for the  
17 purchase of the vehicle if all of the following  
18 conditions are satisfied:

19 a. The department retains the title to the  
20 vehicle.

21 b. The vehicle is used for continuing research.

22 c. If the vehicle is sold or when the research  
23 related to the vehicle is completed, the proceeds of  
24 the sale of the vehicle shall be used for additional  
25 research."

26 6. Page 12, by striking lines 18 through 24, and  
27 inserting the following: "governors of other states  
28 willing to cooperate to establish an alternative fuels  
29 consortium. The purposes of the consortium may  
30 include, but are not limited to, coordinating the  
31 research, production, and marketing of alternative  
32 fuels within the participating states. The consortium  
33 may also coordinate presentation of consortium policy  
34 on alternative fuels to automakers and federal  
35 regulatory authorities."

36 7. By striking page 23, line 7, through page 25,  
37 line 13, and inserting the following:

38 "Sec. \_\_\_\_ .

39 1. The state department of transportation, in  
40 consultation with units of local government, including  
41 representatives of cities of 200,000 or more  
42 population, cities of 50,000 or more but less than  
43 200,000 population, and cities under 50,000  
44 population, shall conduct, conditioned upon the  
45 availability of funds, a comprehensive study of the  
46 relationship between transportation planning, systems  
47 development, and management to urban and rural  
48 development, land use planning, and energy demand.  
49 The purpose of the study shall be to identify  
50 opportunities to improve the long-term energy

1 efficiency of transportation, as well as to improve  
2 traffic safety and service. The results of the study  
3 shall be reported to the general assembly and shall  
4 contain recommended policies and legislation.

5 The department may use any appropriation or other  
6 funds available to it for the purpose of this study,  
7 may contract with one or more universities located  
8 within the state for assistance with the study, and  
9 may contract with consultants for assistance with the  
10 study as necessary. An interim report shall be made  
11 to the general assembly by January 31, 1991.

12 2. The study shall include where appropriate:

13 a. An energy demand and planning survey to  
14 determine the amounts of energy which is consumed for  
15 transportation related purposes.

16 b. An analysis of regional commuting patterns.

17 c. Development of alternatives to commuting by  
18 single occupant motor vehicles, including:

19 (1) A feasibility study for implementing light  
20 rail passenger service as an alternative to highway  
21 construction or expansion, including specifically  
22 providing commuter service on existing rail lines in  
23 the Cedar Rapids-Iowa City area and the Des Moines-  
24 Ames area.

25 (2) A feasibility study for implementing high  
26 occupancy vehicle (HOV) lanes during rush hours on  
27 urban controlled access freeways or interstate  
28 highways within metropolitan areas.

29 d. An evaluation of the need to conduct a trial  
30 program, for a six-month period at minimum, of a ramp  
31 metering system on at least one metropolitan  
32 interchange of the interstate highway system.

33 e. The preparation of model legislation or rules  
34 to encourage the creation and use of vanpools or  
35 carpools for commuters. Proposed legislation or rules  
36 may include, but are not limited to, an interest-free  
37 loan program for vanpools and other incentives for the  
38 formulation and operation of vanpools or carpools.

39 f. The preparation of a feasibility study of using  
40 bike and pedestrian ways for movement of people from  
41 residential areas to work centers as an alternative to  
42 motor vehicles.

43 g. An analysis of the costs of each possible  
44 solution which shall include environmental, health,  
45 and other costs or benefits which are not otherwise  
46 accounted for.

47 Sec. \_\_\_\_.

48 The state department of transportation shall,  
49 conditioned upon the availability of funds, compile an  
50 inventory of traffic signals and their use in the

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1 state. The inventory shall be detailed enough to  
2 allow consideration of the appropriateness of the  
3 signals and their operation following the most current  
4 policies both as identified by the institute of  
5 transportation engineers and identified in the manual  
6 on uniform traffic control devices for streets and  
7 highways by the federal highway administration. The  
8 assessment shall consider what improvements, if any,  
9 should be made to signals to improve energy  
10 efficiency, safety, and traffic service, and shall  
11 consider what signals, if any, should be eliminated.  
12 The department may identify and add other classes of  
13 or uses of traffic control devices to the inventory,  
14 and review the impact on energy usage, safety, and  
15 traffic service of specified classes of traffic  
16 control devices. The department shall recommend as  
17 part of the comprehensive report any changes needed in  
18 state statutes or policy to provide for the improved  
19 management, control, and use of all traffic devices.  
20 The inventory with a summary report shall be submitted  
21 to the general assembly on or before January 31, 1992.

22 Sec. \_\_\_\_\_.

23 1. The state department of transportation, in  
24 consultation with the department of management and  
25 other appropriate public agencies, shall recommend  
26 projects including but not limited to projects to  
27 encourage additional public employees to carpool,  
28 vanpool, or use public transportation.

29 2. Funds repaid from state transit assistance  
30 loans pursuant to section 307.38 may be used as  
31 necessary to provide the incentives for the projects.

32 3. The state department of transportation, in  
33 consultation with the department of management, shall  
34 report the recommendations to the general assembly on  
35 or before January 1, 1991.

36 4. The report shall include the cost of providing  
37 parking spaces at representative locations owned or  
38 operated by state government, including the capitol  
39 complex.

40 5. The report shall recommend specific sources of  
41 funding for incentives and other related expenses for  
42 promotion and administration.

43 Sec. \_\_\_\_\_.

44 The department of management, in consultation with  
45 the department of natural resources, division of  
46 energy and geological resources, shall conduct an  
47 interest survey of state employees' interest in and  
48 willingness to use telecommuting. The survey shall  
49 especially target state employees whose primary duties  
50 and services are typically performed by phone or upon

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1 a computer, and who currently have access to a  
2 computer or other telecommunication equipment at work,  
3 but need not be limited to such employees. The  
4 results of the survey shall be presented to the  
5 general assembly on or before January 15, 1991.

6 Sec. \_\_\_\_.

7 The department of natural resources shall make  
8 recommendations to reduce fuel costs and other  
9 expenses incurred by local school districts in both  
10 urban and rural areas to transport students. The  
11 recommendations may include methods or criteria for  
12 the bus scheduling and other strategies deemed  
13 economically feasible by the department.

14 Sec. \_\_\_\_.

15 The state board of education shall require driver  
16 education courses offered by schools under the board's  
17 jurisdiction to include instruction in the following  
18 additional subject areas:

- 19 1. Routine maintenance of motor vehicles to  
20 maximize energy efficiency and safety.
- 21 2. Operation of motor vehicles to maximize energy  
22 efficiency and safety.

23 Sec. \_\_\_\_.

24 The department of natural resources, subject to the  
25 availability of funds, shall contract with a qualified  
26 person or persons to offer a free car care clinic at  
27 least fourteen sites geographically distributed  
28 throughout the state. Each such clinic shall inspect  
29 vehicles of attendees and instruct owners and  
30 operators of motor vehicles in the maintenance of  
31 motor vehicles to maximize energy efficiency. Vehicle  
32 inspections conducted at the clinic may include minor  
33 adjustments, including, but not limited to, adjusting  
34 belt tensions or inflating tires. The department  
35 shall cooperate with appropriate vocational  
36 educational programs to utilize students skilled in  
37 the field to the extent possible. The administrator  
38 shall coordinate with local officials and vocational  
39 educational programs for each site the scheduling and  
40 promotion of the clinic."

41 8. By striking page 25, line 14, through page 26,  
42 line 20.

43 9. By striking page 26, line 21, through page 28,  
44 line 20 and inserting the following:

45 "Sec. \_\_\_\_.

46 The department of natural resources shall develop a  
47 proposal to phase in on a statewide basis, or on a  
48 multistate basis, automotive tailpipe emission  
49 standards as established by the state of California as  
50 of January 1, 1990. The department shall submit the

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1 proposal to the general assembly on or before January

2 15, 1991."

3 10. By renumbering as necessary.

By NEUHAUSER of Johnson

TRENT of Muscatine

DVORSKY of Johnson

HOLVECK of Polk

NIELSEN of Linn

OSTERBERG of Linn

MCKEAN of Jones

ADAMS of Hamilton

JOHNSON of Winneshiek

ROSENBERG of Story

BANKS of Plymouth

H-5973 FILED MARCH 29, 1990

*Adopted as amended by 6/36 4/5 (p. 20 48)*

## SENATE FILE 2403

H-5913

1 Amend the amendment, H-5655, to Senate File 2403,

2 as amended, passed, and reprinted by the Senate, as

3 follows:

4 1. Page 3, by striking lines 5 through 17.

5 2. By renumbering as necessary.

By PETERSON of Carroll

MUHLBAUER of Crawford

CARPENTER of Polk

PAVICH of Pottawattamie

BANKS of Plymouth

IVERSON of Wright

KNAPP of Dubuque

H-5913 FILED MARCH 28, 1990

*Placed 0/0 4/5 (p. 20 41)*

## SENATE FILE 2403

H-5931

1 Amend Senate File 2403, as amended, passed, and

2 reprinted by the Senate, as follows:

3 1. Page 6, by inserting after line 22, the

4 following:

5 "Sec. \_\_\_\_ . Section 93.13A, Code Supplement 1989,

6 is amended by adding the following new unnumbered

7 paragraph:

8 NEW UNNUMBERED PARAGRAPH. The department shall not

9 require a school district, area school, area education

10 agency, city, or county to perform an engineering

11 analysis if the school district, area education

12 agency, city, or county demonstrates to the department

13 that the facility which is the subject of the proposed

14 engineering analysis at issue is unlikely to be in use

15 or operation in six years by the governmental entity

16 currently using or occupying the facility."

17 2. By renumbering as necessary.

By MUHLBAUER of Crawford

SHEARER of Louisa

H-5931 FILED MARCH 28, 1990

*Adopted 4/5 (p. 20 62)*

## SENATE FILE 2403

H-6127

1 Amend Senate File 2403, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 4, lines 23 and 24, by striking the words  
4 "to produce each dollar of gross state product".

5 2. Page 13, by inserting after line 1, the  
6 following:

7 "Sec. \_\_\_\_ . NEW SECTION. 266.39C THE IOWA ENERGY  
8 CENTER.

9 1. The Iowa energy center is established at Iowa  
10 state university of science and technology. The  
11 center shall strive to increase energy efficiency in  
12 all areas of Iowa energy use. The center shall serve  
13 as a model for state efforts to decrease dependence on  
14 imported fuels and to decrease reliance on energy  
15 production from nonrenewable, resource-depleting  
16 fuels. The center shall conduct and sponsor research  
17 on energy efficiency and conservation that will  
18 improve the environmental, social, and economic well-  
19 being of Iowans, minimize the environmental impact of  
20 existing energy production and consumption, and reduce  
21 the need to add new power plants.

22 The center shall assist Iowans in assessing  
23 technology related to energy efficiency and  
24 alternative energy production systems and shall  
25 support educational and demonstration programs that  
26 encourage implementation of energy efficiency and  
27 alternative energy production systems.

28 The center shall also conduct and sponsor research  
29 to develop alternative energy systems that are based  
30 upon renewable sources and that will reduce the  
31 negative environmental and economic impact of energy  
32 production systems.

33 2. An advisory council is established consisting  
34 of the following members:

35 a. One person from Iowa state university of  
36 science and technology, appointed by its president.

37 b. One person from the university of Iowa,  
38 appointed by its president.

39 c. One person from the university of northern  
40 Iowa, appointed by its president.

41 d. One representative of private colleges and  
42 universities within the state, to be nominated by the  
43 Iowa association of independent colleges and  
44 universities, and appointed by the Iowa coordinating  
45 council for post-high school education.

46 e. One representative of community colleges,  
47 appointed by the state board for community colleges.

48 f. One representative of the energy and geological  
49 resources division of the department of natural  
50 resources, appointed by the director.



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1 g. One representative of the state department of  
2 transportation, appointed by the director.

3 h. One representative of the office of consumer  
4 advocate, appointed by the consumer advocate.

5 i. One representative of the utilities board,  
6 appointed by the utilities board.

7 j. One representative of the rural electric  
8 cooperatives, appointed by the governing body of the  
9 Iowa association of electric cooperatives.

10 k. One representative of municipal utilities,  
11 appointed by the governing body of the Iowa  
12 association of municipal utilities.

13 l. Two representatives from investor-owned  
14 utilities, one representing gas utilities, appointed  
15 by the Iowa utility association, and one representing  
16 electric utilities, appointed by the Iowa utility  
17 association.

18 The terms of the members shall begin and end as  
19 provided in section 69.19 and any vacancy shall be  
20 filled by the original appointing authority. The  
21 terms shall be for four years and shall be staggered  
22 as determined by the president of Iowa state  
23 university of science and technology.

24 3. Iowa state university of science and technology  
25 shall employ a director for the center, who shall be  
26 appointed by the president of Iowa state university of  
27 science and technology. The director of the center  
28 shall employ necessary research and support staff.  
29 The director and staff shall be employees of Iowa  
30 state university of science and technology. No more  
31 than five hundred thousand dollars of the funds made  
32 available by appropriation from state revenues in any  
33 one year shall be expended by the center for the  
34 salaries and benefits of the employees of the center,  
35 including the salary and benefits of the director.  
36 The remainder of the funds appropriated from state  
37 funds shall be used to sponsor research grants and  
38 projects submitted on a competitive basis by Iowa  
39 colleges and universities and private nonprofit  
40 agencies and foundations. The center may also solicit  
41 additional grants and funding from public and private  
42 nonprofit agencies and foundations.

43 The director shall prepare an annual report.

44 4. The advisory council shall provide the  
45 president of Iowa state university of science and  
46 technology with a list of three candidates from which  
47 the director shall be selected. The council shall  
48 provide an additional list of three candidates if  
49 requested by the president. The council shall advise  
50 the director in the development of a budget, on the

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1 policies and procedures of the center, in the funding  
2 of research grant proposals, and regarding program  
3 planning and review."

4 3. Page 13, by striking lines 20 through 26 and  
5 inserting the following: "the programs meet the  
6 requirements of this paragraph."

7 4. By striking page 13, line 27, through page 14,  
8 line 8, and inserting the following:

9 "Sec. \_\_\_\_ . Section 476.1A, Code Supplement 1989,  
10 is amended to read as follows:

11 476.1A APPLICABILITY OF AUTHORITY -- CERTAIN  
12 ELECTRIC UTILITIES.

13 Electric public utilities having ~~less~~ fewer than  
14 ten thousand customers and electric cooperative  
15 corporations and associations are not subject to the  
16 rate regulation authority of the board. Such  
17 utilities are subject to all other regulation and  
18 enforcement activities of the board, including:

19 1. Assessment of fees for the support of the  
20 division.

21 2. Safety and engineering standards for equipment,  
22 operations, and procedures.

23 3. Assigned area of service.

24 4. Pilot projects of the board.

25 5. Assessment of fees for the support of the Iowa  
26 energy center created in section 266.39C and the  
27 center for global warming established by the state  
28 board of regents.

29 6. Filing energy efficiency plans and energy  
30 efficiency results with the board. The board may  
31 permit these utilities to file joint plans.

32 The board may waive all or part of the energy  
33 efficiency filing and review requirements for electric  
34 cooperative corporations and associations and electric  
35 public utilities which demonstrate superior results  
36 with existing energy efficiency programs.

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 Electric cooperative corporations and associations  
42 and electric public utilities exempt from rate  
43 regulation under this section shall not make or grant  
44 any unreasonable preferences or advantages as to rates  
45 or services to any person or subject any person to any  
46 unreasonable prejudice or disadvantage.

47 The board of directors or the membership of an  
48 electric cooperative corporation or association  
49 otherwise exempt from rate regulation may elect to  
50 have the cooperative's rates regulated by the board.

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1 The board shall adopt rules prescribing the manner in  
2 which the board of directors or the membership of an  
3 electric cooperative may so elect. If the board of  
4 directors or the membership of an electric cooperative  
5 has elected to have the cooperative's rates regulated  
6 by the board, after two years have elapsed from the  
7 effective date of such election the membership of the  
8 electric cooperative may elect to exempt the  
9 cooperative from the rate regulation authority of the  
10 board."

11 5. Page 14, by striking lines 9 through 27 and  
12 inserting the following:

13 "Sec. \_\_\_\_ . Section 476.1B, Code Supplement 1989,  
14 is amended to read as follows:

15 476.1B APPLICABILITY OF AUTHORITY -- MUNICIPALLY  
16 OWNED UTILITIES.

17 1. Unless otherwise specifically provided by  
18 statute, a municipally owned utility is not subject to  
19 regulation by the board under this chapter, except for  
20 regulatory action pertaining to:

21 a. Assessment of fees for the support of the  
22 division and the office of consumer advocate, as set  
23 forth in section 476.10.

24 b. Safety standards.

25 c. Assigned areas of service, as set forth in  
26 sections 476.22 through 476.26.

27 d. Enforcement of civil penalties pursuant to  
28 section 476.51.

29 e. Disconnection of service, as set forth in  
30 section 476.20.

31 f. Discrimination against users of renewable  
32 energy resources, as set forth in section 476.21.

33 g. Encouragement of alternate energy production  
34 facilities, as set forth in sections 476.41 through  
35 476.45.

36 h. Enforcement of section 476.56.

37 i. Enforcement of section 476.66.

38 j. Enforcement of section 476.62.

39 ~~2.---Municipally-owned-utilities-shall-be-required~~  
40 ~~to-adhere-to-the-requirements-of-the-following~~  
41 ~~sections-of-the-Code-but-all-rules-and-regulations-to~~  
42 ~~enforce-these-sections-shall-lie-with-each-local~~  
43 ~~municipal-utility's-governing-board.---The-board-has-no~~  
44 ~~authority-concerning-these-sections-as-they-apply-to~~  
45 ~~municipal-utilities:~~

46 ~~---a.---Peak-load-management-techniques,as-set-forth~~  
47 ~~in-section-476.17:~~

48 ~~---b.---Promulgation-of-rules-concerning-the-use-of~~  
49 ~~energy-conservation-strategies,as-set-forth-in~~  
50 ~~section-476.2:~~

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1 k. Assessment of fees for the support of the Iowa  
2 energy center created in section 266.39C and the  
3 global warming center created by the state board of  
4 regents.

5 1. Filing energy efficiency plans and energy  
6 efficiency results with the board. The board may  
7 permit these utilities to file joint plans.

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

12 6. By striking page 14, line 28, through page 15,  
13 line 2, and inserting the following:

14 "Sec. \_\_\_\_ . Section 476.1C, subsection 1, Code  
15 1989, is amended to read as follows:

16 1. Gas public utilities having ~~less~~ fewer than two  
17 thousand customers are not subject to the regulation  
18 authority of the utilities board under this chapter  
19 unless otherwise specifically provided. Sections  
20 476.10, 476.20, 476.21, and 476.51 apply to such gas  
21 utilities.

22 Gas public utilities having fewer than two thousand  
23 customers shall be subject to the assessment of fees  
24 for the support of the Iowa energy center created in  
25 section 266.39C and the global warming center created  
26 by the state board of regents and shall file energy  
27 efficiency plans and energy efficiency results with  
28 the board. The board may waive all or part of the  
29 energy efficiency filing requirements if the gas  
30 utility demonstrates superior results with existing  
31 energy efficiency programs.

32 Gas public utilities having ~~less~~ fewer than two  
33 thousand customers shall keep books, accounts, papers  
34 and records accurately and faithfully in the manner  
35 and form prescribed by the board. The board may  
36 inspect the accounts of the utility at any time.

37 A gas public utility having ~~less~~ fewer than two  
38 thousand customers may make effective a new or changed  
39 rate, charge, schedule, or regulation after giving  
40 written notice of the proposed new or changed rate,  
41 charge, schedule, or regulation to all affected  
42 customers served by the public utility. The notice  
43 shall inform the customers of their right to petition  
44 for a review of the proposal to the utilities board  
45 within sixty days after notice is served if the  
46 petition contains the signatures of at least one  
47 hundred of the gas utility's customers. The notice  
48 shall state the address of the utilities board. The  
49 new or changed rate, charge, schedule, or regulation  
50 takes effect sixty days after such valid notice is

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1 served unless a petition for review of the new or  
2 changed rate, charge, schedule, or regulation signed  
3 by at least one hundred of the gas utility's customers  
4 is filed with the board prior to the expiration of the  
5 sixty-day period.

6 If such a valid petition is filed with the board  
7 within the sixty-day period, any new or changed rate,  
8 charge, schedule, or regulation shall take effect,  
9 under bond or corporate undertaking, subject to refund  
10 of all amounts collected in excess of those amounts  
11 which would have been collected under the rates or  
12 charges finally approved by the board. The board  
13 shall within five months of the date of filing make a  
14 determination of just and reasonable rates based on a  
15 review of the proposal, applying established  
16 regulatory principles. The board may call upon the  
17 gas public utility and its customers to furnish  
18 factual evidence in support of or opposition to the  
19 new or changed rate, charge, schedule, or regulation.  
20 If the gas public utility disputes the finding, the  
21 utility may within twenty days file for further  
22 review, and the board shall docket the case as a  
23 formal proceeding under section 476.6, subsection 7,  
24 and set the case for hearing. The gas public utility  
25 shall submit factual evidence and written argument in  
26 support of the filing.

27 A gas public utility having ~~less~~ fewer than two  
28 thousand customers shall not make effective a new or  
29 changed rate, charge, schedule, or regulation which  
30 relates to services for which a rate change is pending  
31 within twelve months following the date the petition  
32 to review the prior proposed rate, charge, schedule,  
33 or regulation was filed with the board or until the  
34 board has made its determination of just and  
35 reasonable rates, whichever date is earlier, unless  
36 the utility applies to the board for authority and  
37 receives authority to make a subsequent rate change at  
38 an earlier date.

39 Gas public utilities having ~~less~~ fewer than two  
40 thousand customers shall not make or grant any  
41 unreasonable preferences or advantages as to rates or  
42 services to any person or subject any person to any  
43 unreasonable prejudice or disadvantage. Rates charged  
44 by a gas public utility having less than two thousand  
45 customers for transportation of customer-owned gas  
46 shall not exceed the actual cost of such  
47 transportation services including a fair rate of  
48 return."

49 7. Page 15, by striking lines 3 and 4, and  
50 inserting the following:

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1 "Sec. \_\_\_\_ Section 476.2, Code 1989, is amended to  
2 read as follows:

3 476.2 POWERS -- RULES.

4 1. The board shall have broad general powers to  
5 effect the purposes of this chapter notwithstanding  
6 the fact that certain specific powers are hereinafter  
7 set forth. The board shall have authority to issue  
8 subpoenas and to pay the same fees and mileage as are  
9 payable to witnesses in the courts of record of  
10 general jurisdiction and shall establish all needful,  
11 just and reasonable rules, not inconsistent with law,  
12 to govern the exercise of its powers and duties, the  
13 practice and procedure before it, and to govern the  
14 form, contents and filing of reports, documents and  
15 other papers provided for in this chapter or in the  
16 board's rules. In the establishment, amendment,  
17 alteration or repeal of any of such rules, the board  
18 shall be subject to the provisions of chapter 17A.

19 2. The board shall employ at rates of compensation  
20 consistent with current standards in industry such  
21 professionally trained engineers, accountants,  
22 attorneys, and skilled examiners and inspectors,  
23 secretaries, clerks, and other employees as it may  
24 find necessary for the full and efficient discharge of  
25 its duties and responsibilities as required by this  
26 chapter.

27 3. The board is hereby authorized and empowered to  
28 intervene in any proceedings before the federal power  
29 commission or any other federal or state regulatory  
30 body when it finds that any decision of such tribunal  
31 would adversely affect the costs of any public utility  
32 service within the state of Iowa.

33 4. The board shall have authority to inquire into  
34 the management of the business of all public  
35 utilities, and shall keep itself informed as to the  
36 manner and method in which the same is conducted, and  
37 may obtain from any public utility all necessary  
38 information to enable the board to perform its duties.

39 ~~The board shall promulgate rules concerning the use  
40 of energy conservation strategies by rate or service-  
41 regulated gas and electric utilities by July 1, 1981.  
42 The board may prescribe appropriate rates for any  
43 approved energy conservation program. Nothing in this  
44 paragraph subjects the rates of municipal utilities to  
45 the regulatory authority of the board.~~

46 5. The board shall provide to the governor and the  
47 general assembly on or before December 1, 1992, a  
48 report on the level of intended energy efficiency  
49 activity of nonrate-regulated utilities based on the  
50 energy efficiency plans previously filed by the

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1 nonrate-regulated utilities. The report shall include  
2 any recommendations of the board for legislative  
3 action.

4 6. The board shall provide to the governor and  
5 general assembly on or before December 1, 1994, a  
6 report on the results of implementation of the energy  
7 efficiency plans filed with the board by nonrate-  
8 regulated utilities. The report shall include any  
9 recommendations of the board for legislative action.

10 7. The board shall notice rules concerning the  
11 filing requirements for energy efficiency plans by  
12 rate-regulated gas and electric utilities on or before  
13 October 1, 1990. Rate-regulated gas and electric  
14 utilities shall be required to file initial plans no  
15 later than four months after the effective date of the  
16 rules required by this subsection. The board shall  
17 also adopt rules concerning the filing requirements  
18 for energy efficiency plans by all other utilities."

19 8. Page 15, by striking lines 5 through 13.

20 9. By striking page 15, line 17, through page 16,  
21 line 2.

22 10. Page 16, by striking lines 6 through 22.

23 11. Page 16, by inserting after line 25 the  
24 following:

25 "Sec. \_\_\_\_ . Section 476.6, subsection 17, Code  
26 Supplement 1989, is amended to read as follows:

27 17. COMPREHENSIVE ENERGY MANAGEMENT REQUIRED FOR  
28 ELECTRIC UTILITIES. An electric utility shall not  
29 have an increased revenue requirement finally approved  
30 under this section in any application for increased  
31 rates filed on or after January 1, 1992, unless the  
32 utilities board finds that the electric utility has in  
33 effect a comprehensive energy management program which  
34 meets the primary objectives of section 476A.6,  
35 subsection 4."

36 12. Page 17, by inserting after line 12, the  
37 following:

38 "b. An energy efficiency plan and budget shall be  
39 designed to expend annually, at a minimum, the  
40 following designated percentage of the gas and  
41 electric rate-regulated utility's gross operating  
42 revenues during the previous calendar year derived  
43 from intrastate public utility operations:

44 (1) For electric rate-regulated utilities, two  
45 percent.

46 (2) For gas rate-regulated utilities, one and one-  
47 half percent.

48 A rate-regulated electric utility or rate-regulated  
49 gas utility shall have the designated expenditure  
50 requirement included in its energy efficiency plan and

1 budget on or before January 1, 1992. The board may  
2 waive up to twenty-five percent of the spending  
3 requirement for an individual utility until the next  
4 biennial energy efficiency plan and budget review if  
5 the board determines after the contested case  
6 proceeding in section 476.6, subsection 19, paragraph  
7 "a", that the expenditure level of the energy  
8 efficiency programs included in the utility's approved  
9 energy efficiency plan is less than the spending  
10 requirement.

11 Energy efficiency expenditures incurred on or after  
12 July 1, 1990, may be included in a utility's initial  
13 energy efficiency plan and budget submitted pursuant  
14 to paragraph "a".

15 c. A rate-regulated utility shall submit for  
16 consideration in its energy efficiency plan, at a  
17 minimum, the following programs, where relevant to the  
18 utility's services:

19 (1) A hot water heater insulation blanket  
20 distribution program.

21 (2) A commercial lighting program.

22 (3) A rebate, coupon, or other program for  
23 purchases of goods, including but not limited to light  
24 bulbs, which contribute to energy efficiency.

25 (4) A tree planting program to moderate the  
26 physical environment and to consume atmospheric carbon  
27 dioxide resulting from burning fossil fuels within the  
28 state for energy; provided, however, that the tree  
29 planting program is not required to itself be energy  
30 efficient or cost effective.

31 (5) A cooperative program with any community  
32 action agency within the utility's service area to  
33 implement countywide or communitywide energy  
34 efficiency programs for qualified low-income persons.

35 Each of these programs, except the tree planting  
36 program contained in subparagraph (4), shall be  
37 approved as part of the utility's plan only if the  
38 board determines the program to be cost effective for  
39 that utility."

40 13. Page 17, line 13, by striking the letter "b."  
41 and inserting the following: "d."

42 14. Page 17, line 18, by inserting after the word  
43 "board" the following: "; provided, however, that the  
44 board shall not allow energy efficiency to be  
45 represented in customer billings as a separate cost or  
46 expense".

47 15. Page 17, by striking lines 26 through 30, and  
48 inserting the following: "implementation of the  
49 energy efficiency project. The board may treat the  
50 expenditures and related costs incurred by a utility



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1 pursuant to the utility's approved energy efficiency  
2 plan and budget as capital items for ratemaking  
3 purposes. Recovery pursuant to this paragraph shall  
4 not be allowed until eighteen months after the board's  
5 final order in the initial contested case to review a  
6 utility's proposed energy efficiency plan and budget  
7 pursuant to paragraph "a".

8 16. By striking page 17, line 31 through page 18,  
9 line 6, and inserting the following:

10 "e. In addition to the expenditures and related  
11 costs collected pursuant to section 476.6, subsection  
12 19, paragraph "d", if the board determines sufficient  
13 justification exists for assessing a reward or penalty  
14 on the utility for its performance regarding energy  
15 efficiency, the board may allow the utility to collect  
16 an amount as a reward or may require an amount to be  
17 deducted from the recovery of expenditures and related  
18 costs as a penalty. The rewards and penalties of this  
19 paragraph shall be in addition to the provisions of  
20 section 476.52.

21 f. The legislative council shall consider the  
22 appointment of a legislative interim study committee  
23 in 1996 to review the success or failure of the  
24 substantive and procedural provisions for energy  
25 efficiency cost recovery contained in this section.  
26 The interim study committee, if appointed, shall make  
27 recommendations to the general assembly on any  
28 required changes due to the experience gained from the  
29 previous two biennial energy efficiency plan and  
30 budget cycles."

31 17. Page 19, by inserting after line 5, the  
32 following:

33 "Sec. \_\_\_\_ . Section 476.10, unnumbered paragraph 4,  
34 Code Supplement 1989, is amended to read as follows:  
35 Whenever the board shall deem it necessary in order  
36 to carry out the duties imposed upon it in connection  
37 with rate regulation under section 476.6,  
38 investigations under section 476.3, or review  
39 proceedings under section 476.31, the board may employ  
40 additional temporary or permanent staff, or may  
41 contract with persons who are not state employees for  
42 engineering, accounting, or other professional  
43 services, or both. The costs of these additional  
44 employees and contract services shall be paid by the  
45 public utility whose rates are being reviewed in the  
46 same manner as other expenses are paid under this  
47 section. The board shall increase quarterly  
48 assessments specified in unnumbered paragraph two, by  
49 amounts necessary to enable the board to hire  
50 additional staff and contract for services under this

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1 section. The authority to hire additional temporary  
2 or permanent staff that is granted to the board by  
3 this section shall not be subject to limitation by any  
4 administrative or executive order or decision that  
5 restricts the number of state employees or the filling  
6 of employee vacancies, and shall not be subject to  
7 limitation by any law of this state that restricts the  
8 number of state employees or the filling of employee  
9 vacancies unless that law is made applicable to this  
10 section by express reference to this section. Before  
11 the board expends or encumbers an amount in excess of  
12 the funds budgeted for rate regulation and before the  
13 board increases quarterly assessments pursuant to this  
14 paragraph, the director of the department of  
15 management shall approve the expenditure or  
16 encumbrance. Before approval is given, the director  
17 of the department of management shall determine that  
18 the expenses exceed the funds budgeted by the general  
19 assembly to the board for rate regulation and that the  
20 board does not have other funds from which the  
21 expenses can be paid. Upon approval of the director  
22 of the department of management the board may expend  
23 and encumber funds for the excess expenses, and  
24 increase quarterly assessments to raise the additional  
25 funds. The board and the office of consumer advocate  
26 may add additional personnel or contract for  
27 additional assistance to review and evaluate energy  
28 efficiency plans and the implementation of energy  
29 efficiency programs including, but not limited to,  
30 professionally trained engineers, accountants,  
31 attorneys, skilled examiners and inspectors, and  
32 secretaries and clerks. The board and the office of  
33 the consumer advocate may expend additional sums  
34 beyond those sums appropriated. However, the  
35 authority to add additional personnel or contract for  
36 additional assistance must first be approved by the  
37 department of management. The additional sums shall  
38 be provided to the board and the office of the  
39 consumer advocate by the utilities subject to the  
40 energy efficiency requirements in this chapter. The  
41 assessments shall be in addition to and separate from  
42 the quarterly assessment.

43 Sec. . NEW SECTION. 476.10A FUNDING FOR IOWA  
44 ENERGY CENTER AND GLOBAL WARMING CENTER.

45 The board shall direct all gas and electric  
46 utilities to remit to the treasurer of state one-tenth  
47 of one percent of the total gross operating revenues  
48 during the last calendar year derived from their  
49 intrastate public utility operations. The board shall  
50 by rule provide a schedule for remittances which shall

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1 require that the first remittance be made not before  
2 July 1, 1991. The amounts collected pursuant to this  
3 section shall be in addition to the amounts permitted  
4 to be assessed pursuant to section 476.10. The board  
5 shall allow inclusion of these amounts in the budgets  
6 approved by the board pursuant to section 476.6,  
7 subsection 19, paragraph "a". Eighty-five percent of  
8 the remittances collected pursuant to this section is  
9 appropriated to the Iowa energy center created in  
10 section 266.39C. Fifteen percent of the remittances  
11 collected pursuant to this section is appropriated to  
12 the center for global warming established by the state  
13 board of regents."

14 18. Page 19, by striking lines 23 through 27, and  
15 inserting the following:

16 "Sec. \_\_\_\_\_. Section 476.43, subsection 3,  
17 unnumbered paragraph 1, Code 1989, is amended by  
18 striking the unnumbered paragraph and inserting in  
19 lieu thereof the following:

20 The board may adopt individual utility or uniform  
21 statewide facility rates. The board shall consider  
22 the following factors in setting individual or uniform  
23 rates:".

24 19. Page 19, by inserting after line 32, the  
25 following:

26 "NEW PARAGRAPH. g. If the board adopts uniform  
27 statewide rates, the board shall use representative  
28 data in lieu of utility specific information in  
29 applying the factors listed in paragraphs "a" through  
30 "f"."

31 20. Page 21, line 21, by striking the word  
32 "twenty" and inserting the following: "twenty-five".

33 21. Page 21, line 31, by striking the word  
34 "twenty" and inserting the following: "twenty-five".

35 22. Page 23, by inserting after line 6, the  
36 following:

37 "Sec. \_\_\_\_\_.  
38

39 The department of natural resources shall make  
40 recommendations to the general assembly on or before  
41 January 1, 1991, on whether Iowa should adopt  
42 appliance standards and the extent to which such state  
43 appliance standards are not preempted by federal law.  
44 As used in this section "appliance" includes, but is  
45 not limited to, air conditioners, space heaters,  
46 commercial lighting, cooling, and cooking devices, and  
47 refrigerators."

48 23. By renumbering, relettering, and  
redesignating as necessary.

By OSTERBERG OF Linn

H-6127 FILED APRIL 4, 1990

*Adopted as amended by 6137 4/5 (p. 2062)*

SENATE FILE 2403

H-6136

1 Amend the amendment, H-5973, to Senate File 2403,  
2 as amended, passed, and reprinted by the Senate, as  
3 follows:

4 1. Page 1, line 12, by inserting before the word  
5 "motor" the following: "new".

6 2. Page 1, line 25, by inserting after the word,  
7 "purposes;" the following: "school buses;".

By NEUHAUSER of Johnson,

H-6136 FILED APRIL 5, 1990

ADOPTED (p. 2048)

SENATE FILE 2403

H-6137

1 Amend the amendment, H-6127, to Senate File 2403,  
2 as amended, passed, and reprinted by the Senate, as  
3 follows:

4 1. Page 9, line 2, by striking the words "up to  
5 twenty-five percent of".

6 2. Page 9, lines 3 and 4, by striking the words  
7 "until the next biennial energy efficiency plan and  
8 budget review".

9 3. Page 9, by inserting after line 41, the  
10 following:

11 "\_\_\_\_\_. Page 17, line 15, by striking the word  
12 "practices" and inserting the following:

13 "implementation of the utility's approved energy  
14 efficiency plan and budget"."

15 4. Page 9, by inserting after line 46, the  
16 following:

17 "\_\_\_\_\_. Page 17, line 22, by striking the word  
18 "may" and inserting the following: "shall"."

19 5. By renumbering as necessary.

By OSTERBERG of Linn  
JOHNSON of Winneshiek

H-6137 FILED APRIL 5, 1990

ADOPTED (p. 2061)

SENATE FILE 2403

H-6124

- 1 Amend Senate file 2403, as amended, passed and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 21, line 25, by inserting after the word
- 4 "both." the following: "Facility does not include a
- 5 cogeneration unit with a total capacity of less than
- 6 forty megawatts of electricity."
- 7 2. Page 22, by inserting after line 3 the
- 8 following: "A person proposing to construct a
- 9 cogeneration unit with a total capacity of less than
- 10 forty megawatts of electricity shall notify the board
- 11 of such proposed construction."

By TRENT of Muscatine  
WISE of Lee  
DE GROOT of Lyon

H-6124 FILED APRIL 4, 1990

*w/25 4/5 (p. 2663)*

SENATE FILE 2403

H-6134

- 1 Amend the amendment, H-6127, to Senate File 2403,
- 2 as amended, passed, and reprinted by the Senate, as
- 3 follows:
- 4 1. By striking page 11, line 43, through page 12,
- 5 line 13.
- 6 2. By renumbering as necessary.

By MUHLBAUER of Crawford  
PETERSON of Carroll

H-6134 FILED APRIL 5, 1990

LOST *(p. 2061)*

SENATE FILE 2403

H-6141

1 Amend Senate File 2403 as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting after line 28, the  
4 following:

5 "Sec. \_\_\_\_ . Section 15.109, Code 1989, is amended  
6 by adding the following new subsection:

7 NEW SUBSECTION. 3. At the time the department  
8 approves assistance for an applicant, provides the  
9 person with information regarding the nature and  
10 source of other technical assistance available in the  
11 state to assist the applicant on design and management  
12 matters concerning energy efficiency and waste  
13 reduction. The department shall review the extent to  
14 which recommendations made to grantees are in fact  
15 implemented by the grantees."

16 2. Page 13, by striking lines 2 through 11.

17 3. By renumbering as necessary.

By SWARTZ of Marshall

H-6141 FILED APRIL 5, 1990

ADOPTED (p. 2648)

## SENATE FILE 2403

H-6140

1 Amend the amendment, H-6127, to Senate File 2403,  
2 as amended, passed, and reprinted by the Senate, as  
3 follows:

4 1. By striking page 7, line 46 through page 8,  
5 line 9.

6 2. Page 8, line 12, by striking the word "rate-  
7 regulated".

8 3. Page 8, line 13, by striking the words "Rate-  
9 regulated gas" and inserting the following: "Gas".

10 4. Page 8, line 18, by inserting after the word  
11 "utilities." the following: "The board shall require  
12 a nonrate-regulated utility to file only that  
13 information necessary to assure the board that the  
14 requirements of the rules are being met. Nothing in  
15 this section subjects such utilities to rate  
16 regulation by the board."

17 5. Page 8, by inserting after line 35 the  
18 following:

19 "\_\_\_\_. Page 16, lines 31 and 32 by striking the  
20 word "rate-regulated".

21 \_\_\_\_\_. Page 17, line 4, by striking the word "rate-  
22 regulated".

23 6. Page 8, line 41, by striking the word "rate-  
24 regulated".

25 7. Page 8, line 44, by striking the word "rate-  
26 regulated".

27 8. Page 8, line 46, by striking the word "rate-  
28 regulated".

29 9. Page 8, by striking line 48 and inserting the  
30 following:

31 "An electric utility or".

32 10. Page 9, line 15, by striking the word "rate-  
33 regulated".

34 11. By renumbering, relettering, and  
35 redesignating as necessary.

By BISIGNANO of Polk

H-6140 FILED APRIL 5, 1990

WITHDRAWN (p. 2061)

HOUSE AMENDMENT TO  
SENATE FILE 2403

S-5942

1 Amend Senate File 2403, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 1, line 15, by inserting after the word  
4 "include" the following: "for those agencies which  
5 pay for energy directly".

6 2. Page 1, by inserting after line 28, the  
7 following:

8 "Sec. \_\_\_\_ . Section 15.109, Code 1989, is amended  
9 by adding the following new subsection:

10 NEW SUBSECTION. 3. At the time the department  
11 approves assistance for an applicant, provides the  
12 person with information regarding the nature and  
13 source of other technical assistance available in the  
14 state to assist the applicant on design and management  
15 matters concerning energy efficiency and waste  
16 reduction. The department shall review the extent to  
17 which recommendations made to grantees are in fact  
18 implemented by the grantees."

19 3. Page 1, by inserting after line 28, the  
20 following:

21 "Sec. \_\_\_\_ . Section 18.115, subsection 4,  
22 unnumbered paragraph 2, Code Supplement 1989, is  
23 amended to read as follows:

24 In conjunction with the requirements of section  
25 18.3, subsection 1, effective January 1, ~~1990~~ 1991,  
26 the state vehicle dispatcher, and any other state  
27 agency or local governmental political subdivision  
28 purchasing new motor vehicles for other than law  
29 enforcement purposes, shall each-year purchase new  
30 passenger automobiles vehicles and light trucks such  
31 that the average fuel efficiency for the fleet of new  
32 passenger automobiles vehicles and light trucks  
33 purchased in that year by the state vehicle dispatcher  
34 is-not-less-than-two-miles-per-gallon-under or other  
35 state agency or local governmental political  
36 subdivision equals or exceeds the average fuel economy  
37 standard for the automobiles' vehicles' model year as  
38 established by the United States secretary of  
39 transportation under 15 U.S.C. § 2002. This paragraph  
40 does not apply to automobiles vehicles purchased for  
41 any of the following: law enforcement purposes;  
42 school buses; off-road maintenance work; or work  
43 vehicles used to pull loaded trailers. The group of  
44 comparable automobiles vehicles within the total fleet  
45 purchased by the state vehicle dispatcher, or any  
46 other state agency or local governmental political  
47 subdivision purchasing motor vehicles for other than  
48 law enforcement purposes, shall have an average fuel  
49 efficiency rating not-less-than-two-miles-per-gallon  
50 under equal to or exceeding the average fuel economy



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1 rating for that model year for that class of  
2 comparable ~~automobiles~~ vehicles as defined in 40  
3 C.F.R. § 315-82. As used in this paragraph, "fuel  
4 economy" means the average number of miles traveled by  
5 an automobile per gallon of gasoline consumed as  
6 determined by the United States environmental  
7 protection agency administrator in accordance with 26  
8 U.S.C. § 4064(c). For purposes of this paragraph,  
9 "state agency" includes, but is not limited to, a  
10 community college or an institution under the control  
11 of the state board of regents."

12 4. By striking page 1, line 31, through page 2,  
13 line 13.

14 5. Page 2, line 14, by striking the letter "b"  
15 and inserting the following: "a".

16 6. Page 3, by striking line 3 and inserting the  
17 following:

18 "b. As used in paragraph "a", "fuel economy"  
19 means".

20 7. Page 3, line 32, by inserting after the word  
21 "management," the following: "state building code  
22 director, and state fire marshal,".

23 8. Page 4, line 11, by inserting after the word  
24 "agency." the following: "The report shall also  
25 address potential redundancy and conflicts within  
26 existing state law regarding life cycle cost analysis  
27 and recommend the resolution of any problems which are  
28 identified."

29 9. Page 4, lines 23 and 24, by striking the words  
30 "to produce each dollar of gross state product".

31 10. Page 6, by inserting after line 22, the  
32 following:

33 "Sec. \_\_\_\_ . Section 93.13A, Code Supplement 1989,  
34 is amended by adding the following new unnumbered  
35 paragraph:

36 NEW UNNUMBERED PARAGRAPH. The department shall not  
37 require a school district, area school, area education  
38 agency, city, or county to perform an engineering  
39 analysis if the school district, area education  
40 agency, city, or county demonstrates to the department  
41 that the facility which is the subject of the proposed  
42 engineering analysis at issue is unlikely to be in use  
43 or operation in six years by the governmental entity  
44 currently using or occupying the facility."

45 11. Page 7, line 18, by striking the figure  
46 "1991" and inserting the following: "1992".

47 12. Page 7, line 20, by striking the figure  
48 "1992" and inserting the following: "1993".

49 13. Page 7, line 21, by striking the figure  
50 "1993" and inserting the following: "1994".

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- 1 14. Page 7, line 22, by striking the figure  
2 "1994" and inserting the following: "1995".  
3 15. Page 7, line 24, by striking the figure  
4 "1994" and inserting the following: "1995".  
5 16. Page 7, line 28, by inserting after the word  
6 "of" the following: "new".  
7 17. Page 7, by striking lines 29 and 30, and  
8 inserting the following:  
9 "2. a. The energy efficiency rating shall be  
10 disclosed at the request of the prospective purchaser  
11 according to the terms of the offer to purchase."  
12 18. By striking page 7, line 31, through page 8,  
13 line 8.  
14 19. Page 8, by striking lines 10 through 22, and  
15 inserting the following: "prospective lessee whose  
16 rent does not include energy cost upon request."  
17 20. Page 8, line 23, by striking the words "prime  
18 design professional" and inserting the following:  
19 "designer".  
20 21. Page 8, line 26, by inserting after the word  
21 "building" the following: "design".  
22 22. Page 8, line 27, by striking the word  
23 "guidelines" and inserting the following:  
24 "standards".  
25 23. Page 8, by striking lines 28 through 30 and  
26 inserting the following: "the department."  
27 24. Page 8, line 34, by striking the words "or  
28 approved".  
29 25. Page 9, by striking lines 6 through 8, and  
30 inserting the following:  
31 "(3) Notice to the prospective purchaser that the  
32 seller must disclose a building's energy efficiency  
33 rating upon the prospective purchaser's request."  
34 26. Page 9, by striking lines 14 through 17.  
35 27. Page 10, line 9, by inserting after the words  
36 "energy efficiency" the following: ", including, but  
37 not limited to such persons as electrical engineers,  
38 mechanical engineers, architects, and builders".  
39 28. Page 10, line 13, by striking the words  
40 "design professionals" and inserting the following:  
41 "designers".  
42 29. Page 10, line 22, by striking the figure  
43 "1995" and inserting the following: "1996".  
44 30. Page 10, line 24, by striking the figure  
45 "1995" and inserting the following: "1996".  
46 31. Page 10, line 25, by striking the figure  
47 "1996" and inserting the following: "1997".  
48 32. Page 11, line 7, by striking the words  
49 "Design professional" and inserting the following:  
50 "Designer".

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1 33. Page 11, line 9, by striking the words "  
2 whether a registered design professional or not,".

3 34. Page 12, by striking lines 3 through 16, and  
4 inserting the following:

5 "Sec. \_\_\_\_ . NEW SECTION. 214A.19 DEMONSTRATION  
6 GRANTS AUTHORIZED.

7 1. The department of natural resources,  
8 conditioned upon the availability of funds, is  
9 authorized to award demonstration grants to persons  
10 who purchase vehicles which operate on alternative  
11 fuels, including but not limited to, high blend  
12 ethanol, compressed natural gas, electricity, solar  
13 energy, or hydrogen. A grant shall be for the purpose  
14 of conducting research connected with the fuel or the  
15 vehicle, and not for the purchase of the vehicle  
16 itself, except that the money may be used for the  
17 purchase of the vehicle if all of the following  
18 conditions are satisfied:

19 a. The department retains the title to the  
20 vehicle.

21 b. The vehicle is used for continuing research.

22 c. If the vehicle is sold or when the research  
23 related to the vehicle is completed, the proceeds of  
24 the sale of the vehicle shall be used for additional  
25 research."

26 35. Page 12, by striking lines 18 through 24, and  
27 inserting the following: "governors of other states  
28 willing to cooperate to establish an alternative fuels  
29 consortium. The purposes of the consortium may  
30 include, but are not limited to, coordinating the  
31 research, production, and marketing of alternative  
32 fuels within the participating states. The consortium  
33 may also coordinate presentation of consortium policy  
34 on alternative fuels to automakers and federal  
35 regulatory authorities."

36 36. Page 13, by inserting after line 1, the  
37 following:

38 "Sec. \_\_\_\_ . NEW SECTION. 266.39C THE IOWA ENERGY  
39 CENTER.

40 1. The Iowa energy center is established at Iowa  
41 state university of science and technology. The  
42 center shall strive to increase energy efficiency in  
43 all areas of Iowa energy use. The center shall serve  
44 as a model for state efforts to decrease dependence on  
45 imported fuels and to decrease reliance on energy  
46 production from nonrenewable, resource-depleting  
47 fuels. The center shall conduct and sponsor research  
48 on energy efficiency and conservation that will  
49 improve the environmental, social, and economic well-  
50 being of Iowans, minimize the environmental impact of

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1 existing energy production and consumption, and reduce  
2 the need to add new power plants.

3 The center shall assist Iowans in assessing  
4 technology related to energy efficiency and  
5 alternative energy production systems and shall  
6 support educational and demonstration programs that  
7 encourage implementation of energy efficiency and  
8 alternative energy production systems.

9 The center shall also conduct and sponsor research  
10 to develop alternative energy systems that are based  
11 upon renewable sources and that will reduce the  
12 negative environmental and economic impact of energy  
13 production systems.

14 2. An advisory council is established consisting  
15 of the following members:

16 a. One person from Iowa state university of  
17 science and technology, appointed by its president.

18 b. One person from the university of Iowa,  
19 appointed by its president.

20 c. One person from the university of northern  
21 Iowa, appointed by its president.

22 d. One representative of private colleges and  
23 universities within the state, to be nominated by the  
24 Iowa association of independent colleges and  
25 universities, and appointed by the Iowa coordinating  
26 council for post-high school education.

27 e. One representative of community colleges,  
28 appointed by the state board for community colleges.

29 f. One representative of the energy and geological  
30 resources division of the department of natural  
31 resources, appointed by the director.

32 g. One representative of the state department of  
33 transportation, appointed by the director.

34 h. One representative of the office of consumer  
35 advocate, appointed by the consumer advocate.

36 i. One representative of the utilities board,  
37 appointed by the utilities board.

38 j. One representative of the rural electric  
39 cooperatives, appointed by the governing body of the  
40 Iowa association of electric cooperatives.

41 k. One representative of municipal utilities,  
42 appointed by the governing body of the Iowa  
43 association of municipal utilities.

44 l. Two representatives from investor-owned  
45 utilities, one representing gas utilities, appointed  
46 by the Iowa utility association, and one representing  
47 electric utilities, appointed by the Iowa utility  
48 association.

49 The terms of the members shall begin and end as  
50 provided in section 69.19 and any vacancy shall be

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1 filled by the original appointing authority. The  
2 terms shall be for four years and shall be staggered  
3 as determined by the president of Iowa state  
4 university of science and technology.

5 3. Iowa state university of science and technology  
6 shall employ a director for the center, who shall be  
7 appointed by the president of Iowa state university of  
8 science and technology. The director of the center  
9 shall employ necessary research and support staff.  
10 The director and staff shall be employees of Iowa  
11 state university of science and technology. No more  
12 than five hundred thousand dollars of the funds made  
13 available by appropriation from state revenues in any  
14 one year shall be expended by the center for the  
15 salaries and benefits of the employees of the center,  
16 including the salary and benefits of the director.  
17 The remainder of the funds appropriated from state  
18 funds shall be used to sponsor research grants and  
19 projects submitted on a competitive basis by Iowa  
20 colleges and universities and private nonprofit  
21 agencies and foundations. The center may also solicit  
22 additional grants and funding from public and private  
23 nonprofit agencies and foundations.

24 The director shall prepare an annual report.

25 4. The advisory council shall provide the  
26 president of Iowa state university of science and  
27 technology with a list of three candidates from which  
28 the director shall be selected. The council shall  
29 provide an additional list of three candidates if  
30 requested by the president. The council shall advise  
31 the director in the development of a budget, on the  
32 policies and procedures of the center, in the funding  
33 of research grant proposals, and regarding program  
34 planning and review."

35 37. Page 13, by striking lines 2 through 11.

36 38. Page 13, by striking lines 20 through 26 and  
37 inserting the following: "the programs meet the  
38 requirements of this paragraph."

39 39. By striking page 13, line 27, through page  
40 14, line 8, and inserting the following:

41 "Sec. \_\_\_\_ . Section 476.1A, Code Supplement 1989,  
42 is amended to read as follows:

43 476.1A APPLICABILITY OF AUTHORITY -- CERTAIN  
44 ELECTRIC UTILITIES.

45 Electric public utilities having ~~less~~ fewer than  
46 ten thousand customers and electric cooperative  
47 corporations and associations are not subject to the  
48 rate regulation authority of the board. Such  
49 utilities are subject to all other regulation and  
50 enforcement activities of the board, including:

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1 1. Assessment of fees for the support of the  
2 division.

3 2. Safety and engineering standards for equipment,  
4 operations, and procedures.

5 3. Assigned area of service.

6 4. Pilot projects of the board.

7 5. Assessment of fees for the support of the Iowa  
8 energy center created in section 266.39C and the  
9 center for global warming established by the state  
10 board of regents.

11 6. Filing energy efficiency plans and energy  
12 efficiency results with the board. The board may  
13 permit these utilities to file joint plans.

14 The board may waive all or part of the energy  
15 efficiency filing and review requirements for electric  
16 cooperative corporations and associations and electric  
17 public utilities which demonstrate superior results  
18 with existing energy efficiency programs.

19 However, sections 476.20, 476.21, 476.41 through  
20 476.44, 476.51, 476.56, 476.62, and 476.66 and  
21 chapters 476A and 478, to the extent applicable, apply  
22 to such electric utilities.

23 Electric cooperative corporations and associations  
24 and electric public utilities exempt from rate  
25 regulation under this section shall not make or grant  
26 any unreasonable preferences or advantages as to rates  
27 or services to any person or subject any person to any  
28 unreasonable prejudice or disadvantage.

29 The board of directors or the membership of an  
30 electric cooperative corporation or association  
31 otherwise exempt from rate regulation may elect to  
32 have the cooperative's rates regulated by the board.  
33 The board shall adopt rules prescribing the manner in  
34 which the board of directors or the membership of an  
35 electric cooperative may so elect. If the board of  
36 directors or the membership of an electric cooperative  
37 has elected to have the cooperative's rates regulated  
38 by the board, after two years have elapsed from the  
39 effective date of such election the membership of the  
40 electric cooperative may elect to exempt the  
41 cooperative from the rate regulation authority of the  
42 board."

43 40. Page 14, by striking lines 9 through 27 and  
44 inserting the following:

45 "Sec. \_\_\_\_ . Section 476.1B, Code Supplement 1989,  
46 is amended to read as follows:

47 476.1B APPLICABILITY OF AUTHORITY -- MUNICIPALLY  
48 OWNED UTILITIES.

49 1. Unless otherwise specifically provided by  
50 statute, a municipally owned utility is not subject to

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1 regulation by the board under this chapter, except for  
2 regulatory action pertaining to:

3 a. Assessment of fees for the support of the  
4 division and the office of consumer advocate, as set  
5 forth in section 476.10.

6 b. Safety standards.

7 c. Assigned areas of service, as set forth in  
8 sections 476.22 through 476.26.

9 d. Enforcement of civil penalties pursuant to  
10 section 476.51.

11 e. Disconnection of service, as set forth in  
12 section 476.20.

13 f. Discrimination against users of renewable  
14 energy resources, as set forth in section 476.21.

15 g. Encouragement of alternate energy production  
16 facilities, as set forth in sections 476.41 through  
17 476.45.

18 h. Enforcement of section 476.56.

19 i. Enforcement of section 476.66.

20 j. Enforcement of section 476.62.

21 ~~2.--Municipally-owned-utilities-shall-be-required~~  
22 ~~to-adhere-to-the-requirements-of-the-following~~  
23 ~~sections-of-the-Code-but-all-rules-and-regulations-to~~  
24 ~~enforce-these-sections-shall-lie-with-each-local~~  
25 ~~municipal-utility's-governing-board.--The-board-has-no~~  
26 ~~authority-concerning-these-sections-as-they-apply-to~~  
27 ~~municipal-utilities:~~

28 ~~---a---Peak-load-management-techniques,-as-set-forth~~  
29 ~~in-section-476.17-~~

30 ~~---b---Promulgation-of-rules-concerning-the-use-of~~  
31 ~~energy-conservation-strategies,-as-set-forth-in~~  
32 ~~section-476.2-~~

33 k. Assessment of fees for the support of the Iowa  
34 energy center created in section 266.39C and the  
35 global warming center created by the state board of  
36 regents.

37 1. Filing energy efficiency plans and energy  
38 efficiency results with the board. The board may  
39 permit these utilities to file joint plans.

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

44 41. By striking page 14, line 28, through page  
45 15, line 2, and inserting the following:

46 "Sec. \_\_\_\_ . Section 476.1C, subsection 1, Code  
47 1989, is amended to read as follows:

48 1. Gas public utilities having ~~less~~ fewer than two  
49 thousand customers are not subject to the regulation  
50 authority of the utilities board under this chapter

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1 unless otherwise specifically provided. Sections  
2 476.10, 476.20, 476.21, and 476.51 apply to such gas  
3 utilities.

4 Gas public utilities having fewer than two thousand  
5 customers shall be subject to the assessment of fees  
6 for the support of the Iowa energy center created in  
7 section 266.39C and the global warming center created  
8 by the state board of regents and shall file energy  
9 efficiency plans and energy efficiency results with  
10 the board. The board may waive all or part of the  
11 energy efficiency filing requirements if the gas  
12 utility demonstrates superior results with existing  
13 energy efficiency programs.

14 Gas public utilities having ~~less~~ fewer than two  
15 thousand customers shall keep books, accounts, papers  
16 and records accurately and faithfully in the manner  
17 and form prescribed by the board. The board may  
18 inspect the accounts of the utility at any time.

19 A gas public utility having ~~less~~ fewer than two  
20 thousand customers may make effective a new or changed  
21 rate, charge, schedule, or regulation after giving  
22 written notice of the proposed new or changed rate,  
23 charge, schedule, or regulation to all affected  
24 customers served by the public utility. The notice  
25 shall inform the customers of their right to petition  
26 for a review of the proposal to the utilities board  
27 within sixty days after notice is served if the  
28 petition contains the signatures of at least one  
29 hundred of the gas utility's customers. The notice  
30 shall state the address of the utilities board. The  
31 new or changed rate, charge, schedule, or regulation  
32 takes effect sixty days after such valid notice is  
33 served unless a petition for review of the new or  
34 changed rate, charge, schedule, or regulation signed  
35 by at least one hundred of the gas utility's customers  
36 is filed with the board prior to the expiration of the  
37 sixty-day period.

38 If such a valid petition is filed with the board  
39 within the sixty-day period, any new or changed rate,  
40 charge, schedule, or regulation shall take effect,  
41 under bond or corporate undertaking, subject to refund  
42 of all amounts collected in excess of those amounts  
43 which would have been collected under the rates or  
44 charges finally approved by the board. The board  
45 shall within five months of the date of filing make a  
46 determination of just and reasonable rates based on a  
47 review of the proposal, applying established  
48 regulatory principles. The board may call upon the  
49 gas public utility and its customers to furnish  
50 factual evidence in support of or opposition to the



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1 new or changed rate, charge, schedule, or regulation.  
2 If the gas public utility disputes the finding, the  
3 utility may within twenty days file for further  
4 review, and the board shall docket the case as a  
5 formal proceeding under section 476.6, subsection 7,  
6 and set the case for hearing. The gas public utility  
7 shall submit factual evidence and written argument in  
8 support of the filing.

9 A gas public utility having ~~less~~ fewer than two  
10 thousand customers shall not make effective a new or  
11 changed rate, charge, schedule, or regulation which  
12 relates to services for which a rate change is pending  
13 within twelve months following the date the petition  
14 to review the prior proposed rate, charge, schedule,  
15 or regulation was filed with the board or until the  
16 board has made its determination of just and  
17 reasonable rates, whichever date is earlier, unless  
18 the utility applies to the board for authority and  
19 receives authority to make a subsequent rate change at  
20 an earlier date.

21 Gas public utilities having ~~less~~ fewer than two  
22 thousand customers shall not make or grant any  
23 unreasonable preferences or advantages as to rates or  
24 services to any person or subject any person to any  
25 unreasonable prejudice or disadvantage. Rates charged  
26 by a gas public utility having less than two thousand  
27 customers for transportation of customer-owned gas  
28 shall not exceed the actual cost of such  
29 transportation services including a fair rate of  
30 return."

31 42. Page 15, by striking lines 3 and 4, and  
32 inserting the following:

33 "Sec. \_\_\_\_ . Section 476.2, Code 1989, is amended to  
34 read as follows:

35 476.2 POWERS -- RULES.

36 1. The board shall have broad general powers to  
37 effect the purposes of this chapter notwithstanding  
38 the fact that certain specific powers are hereinafter  
39 set forth. The board shall have authority to issue  
40 subpoenas and to pay the same fees and mileage as are  
41 payable to witnesses in the courts of record of  
42 general jurisdiction and shall establish all needful,  
43 just and reasonable rules, not inconsistent with law,  
44 to govern the exercise of its powers and duties, the  
45 practice and procedure before it, and to govern the  
46 form, contents and filing of reports, documents and  
47 other papers provided for in this chapter or in the  
48 board's rules. In the establishment, amendment,  
49 alteration or repeal of any of such rules, the board  
50 shall be subject to the provisions of chapter 17A.

1     2. The board shall employ at rates of compensation  
2 consistent with current standards in industry such  
3 professionally trained engineers, accountants,  
4 attorneys, and skilled examiners and inspectors,  
5 secretaries, clerks, and other employees as it may  
6 find necessary for the full and efficient discharge of  
7 its duties and responsibilities as required by this  
8 chapter.

9     3. The board is hereby authorized and empowered to  
10 intervene in any proceedings before the federal power  
11 commission or any other federal or state regulatory  
12 body when it finds that any decision of such tribunal  
13 would adversely affect the costs of any public utility  
14 service within the state of Iowa.

15     4. The board shall have authority to inquire into  
16 the management of the business of all public  
17 utilities, and shall keep itself informed as to the  
18 manner and method in which the same is conducted, and  
19 may obtain from any public utility all necessary  
20 information to enable the board to perform its duties.

21     ~~The board shall promulgate rules concerning the use~~  
22 ~~of energy conservation strategies by rate or service~~  
23 ~~regulated gas and electric utilities by July 1, 1981.~~  
24 ~~The board may prescribe appropriate rates for any~~  
25 ~~approved energy conservation program. Nothing in this~~  
26 ~~paragraph subjects the rates of municipal utilities to~~  
27 ~~the regulatory authority of the board.~~

28     5. The board shall provide to the governor and the  
29 general assembly on or before December 1, 1992, a  
30 report on the level of intended energy efficiency  
31 activity of nonrate-regulated utilities based on the  
32 energy efficiency plans previously filed by the  
33 nonrate-regulated utilities. The report shall include  
34 any recommendations of the board for legislative  
35 action.

36     6. The board shall provide to the governor and  
37 general assembly on or before December 1, 1994, a  
38 report on the results of implementation of the energy  
39 efficiency plans filed with the board by nonrate-  
40 regulated utilities. The report shall include any  
41 recommendations of the board for legislative action.

42     7. The board shall notice rules concerning the  
43 filing requirements for energy efficiency plans by  
44 rate-regulated gas and electric utilities on or before  
45 October 1, 1990. Rate-regulated gas and electric  
46 utilities shall be required to file initial plans no  
47 later than four months after the effective date of the  
48 rules required by this subsection. The board shall  
49 also adopt rules concerning the filing requirements  
50 for energy efficiency plans by all other utilities."

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1 43. Page 15, by striking lines 5 through 13.

2 44. By striking page 15, line 17, through page  
3 16, line 2.

4 45. Page 16, by striking lines 6 through 22.

5 46. Page 16, by inserting after line 25 the  
6 following:

7 "Sec. \_\_\_\_ . Section 476.6, subsection 17, Code

8 Supplement 1989, is amended to read as follows:

9 17. COMPREHENSIVE ENERGY MANAGEMENT REQUIRED FOR  
10 ELECTRIC UTILITIES. An electric utility shall not  
11 have an increased revenue requirement finally approved  
12 under this section in any application for increased  
13 rates filed on or after January 1, 1992, unless the  
14 utilities board finds that the electric utility has in  
15 effect a comprehensive energy management program which  
16 meets the primary objectives of section 476A.6,  
17 subsection 4."

18 47. Page 17, by inserting after line 12, the  
19 following:

20 "b. An energy efficiency plan and budget shall be  
21 designed to expend annually, at a minimum, the  
22 following designated percentage of the gas and  
23 electric rate-regulated utility's gross operating  
24 revenues during the previous calendar year derived  
25 from intrastate public utility operations:

26 (1) For electric rate-regulated utilities, two  
27 percent.

28 (2) For gas rate-regulated utilities, one and one-  
29 half percent.

30 A rate-regulated electric utility or rate-regulated  
31 gas utility shall have the designated expenditure  
32 requirement included in its energy efficiency plan and  
33 budget on or before January 1, 1992. The board may  
34 waive the spending requirement for an individual  
35 utility if the board determines after the contested  
36 case proceeding in section 476.6, subsection 19,  
37 paragraph "a", that the expenditure level of the  
38 energy efficiency programs included in the utility's  
39 approved energy efficiency plan is less than the  
40 spending requirement.

41 Energy efficiency expenditures incurred on or after  
42 July 1, 1990, may be included in a utility's initial  
43 energy efficiency plan and budget submitted pursuant  
44 to paragraph "a".

45 c. A rate-regulated utility shall submit for  
46 consideration in its energy efficiency plan, at a  
47 minimum, the following programs, where relevant to the  
48 utility's services:

49 (1) A hot water heater insulation blanket  
50 distribution program.

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1 (2) A commercial lighting program.

2 (3) A rebate, coupon, or other program for  
3 purchases of goods, including but not limited to light  
4 bulbs, which contribute to energy efficiency.

5 (4) A tree planting program to moderate the  
6 physical environment and to consume atmospheric carbon  
7 dioxide resulting from burning fossil fuels within the  
8 state for energy; provided, however, that the tree  
9 planting program is not required to itself be energy  
10 efficient or cost effective.

11 (5) A cooperative program with any community  
12 action agency within the utility's service area to  
13 implement countywide or communitywide energy  
14 efficiency programs for qualified low-income persons.

15 Each of these programs, except the tree planting  
16 program contained in subparagraph (4), shall be  
17 approved as part of the utility's plan only if the  
18 board determines the program to be cost effective for  
19 that utility."

20 48. Page 17, line 13, by striking the letter "b."  
21 and inserting the following: "d."

22 49. Page 17, line 15, by striking the word  
23 "practices" and inserting the following:

24 "implementation of the utility's approved energy  
25 efficiency plan and budget".

26 50. Page 17, line 18, by inserting after the word  
27 "board" the following: "; provided, however, that the  
28 board shall not allow energy efficiency to be  
29 represented in customer billings as a separate cost or  
30 expense".

31 51. Page 17, line 22, by striking the word "may"  
32 and inserting the following: "shall".

33 52. Page 17, by striking lines 26 through 30, and  
34 inserting the following: "implementation of the  
35 energy efficiency project. The board may treat the  
36 expenditures and related costs incurred by a utility  
37 pursuant to the utility's approved energy efficiency  
38 plan and budget as capital items for ratemaking  
39 purposes. Recovery pursuant to this paragraph shall  
40 not be allowed until eighteen months after the board's  
41 final order in the initial contested case to review a  
42 utility's proposed energy efficiency plan and budget  
43 pursuant to paragraph "a"."

44 53. By striking page 17, line 31 through page 18,  
45 line 6, and inserting the following:

46 "e. In addition to the expenditures and related  
47 costs collected pursuant to section 476.6, subsection  
48 19, paragraph "d", if the board determines sufficient  
49 justification exists for assessing a reward or penalty  
50 on the utility for its performance regarding energy

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1 efficiency, the board may allow the utility to collect  
2 an amount as a reward or may require an amount to be  
3 deducted from the recovery of expenditures and related  
4 costs as a penalty. The rewards and penalties of this  
5 paragraph shall be in addition to the provisions of  
6 section 476.52.

7 f. The legislative council shall consider the  
8 appointment of a legislative interim study committee  
9 in 1996 to review the success or failure of the  
10 substantive and procedural provisions for energy  
11 efficiency cost recovery contained in this section.  
12 The interim study committee, if appointed, shall make  
13 recommendations to the general assembly on any  
14 required changes due to the experience gained from the  
15 previous two biennial energy efficiency plan and  
16 budget cycles."

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

19 "Sec. \_\_\_\_ . Section 476.10, unnumbered paragraph 4,  
20 Code Supplement 1989, is amended to read as follows:

21 Whenever the board shall deem it necessary in order  
22 to carry out the duties imposed upon it in connection  
23 with rate regulation under section 476.6,  
24 investigations under section 476.3, or review  
25 proceedings under section 476.31, the board may employ  
26 additional temporary or permanent staff, or may  
27 contract with persons who are not state employees for  
28 engineering, accounting, or other professional  
29 services, or both. The costs of these additional  
30 employees and contract services shall be paid by the  
31 public utility whose rates are being reviewed in the  
32 same manner as other expenses are paid under this  
33 section. The board shall increase quarterly  
34 assessments specified in unnumbered paragraph two, by  
35 amounts necessary to enable the board to hire  
36 additional staff and contract for services under this  
37 section. The authority to hire additional temporary  
38 or permanent staff that is granted to the board by  
39 this section shall not be subject to limitation by any  
40 administrative or executive order or decision that  
41 restricts the number of state employees or the filling  
42 of employee vacancies, and shall not be subject to  
43 limitation by any law of this state that restricts the  
44 number of state employees or the filling of employee  
45 vacancies unless that law is made applicable to this  
46 section by express reference to this section. Before  
47 the board expends or encumbers an amount in excess of  
48 the funds budgeted for rate regulation and before the  
49 board increases quarterly assessments pursuant to this  
50 paragraph, the director of the department of

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1 management shall approve the expenditure or  
2 encumbrance. Before approval is given, the director  
3 of the department of management shall determine that  
4 the expenses exceed the funds budgeted by the general  
5 assembly to the board for rate regulation and that the  
6 board does not have other funds from which the  
7 expenses can be paid. Upon approval of the director  
8 of the department of management the board may expend  
9 and encumber funds for the excess expenses, and  
10 increase quarterly assessments to raise the additional  
11 funds. The board and the office of consumer advocate  
12 may add additional personnel or contract for  
13 additional assistance to review and evaluate energy  
14 efficiency plans and the implementation of energy  
15 efficiency programs including, but not limited to,  
16 professionally trained engineers, accountants,  
17 attorneys, skilled examiners and inspectors, and  
18 secretaries and clerks. The board and the office of  
19 the consumer advocate may expend additional sums  
20 beyond those sums appropriated. However, the  
21 authority to add additional personnel or contract for  
22 additional assistance must first be approved by the  
23 department of management. The additional sums shall  
24 be provided to the board and the office of the  
25 consumer advocate by the utilities subject to the  
26 energy efficiency requirements in this chapter. The  
27 assessments shall be in addition to and separate from  
28 the quarterly assessment.

29 Sec. \_\_\_\_ . NEW SECTION. 476.10A FUNDING FOR IOWA  
30 ENERGY CENTER AND GLOBAL WARMING CENTER.

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

50 55. Page 19, by striking lines 23 through 27, and

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1 inserting the following:

2 "Sec. \_\_\_\_\_. Section 476.43, subsection 3,  
3 unnumbered paragraph 1, Code 1989, is amended by  
4 striking the unnumbered paragraph and inserting in  
5 lieu thereof the following:

6 The board may adopt individual utility or uniform  
7 statewide facility rates. The board shall consider  
8 the following factors in setting individual or uniform  
9 rates:".

10 56. Page 19, by inserting after line 32, the  
11 following:

12 "NEW PARAGRAPH. g. If the board adopts uniform  
13 statewide rates, the board shall use representative  
14 data in lieu of utility specific information in  
15 applying the factors listed in paragraphs "a" through  
16 "f"."

17 57. Page 21, line 21, by striking the word  
18 "twenty" and inserting the following: "twenty-five".

19 58. Page 21, line 31, by striking the word  
20 "twenty" and inserting the following: "twenty-five".

21 59. Page 23, by inserting after line 6, the  
22 following:

23 "Sec. \_\_\_\_\_.  
24

25 The department of natural resources shall make  
26 recommendations to the general assembly on or before  
27 January 1, 1991, on whether Iowa should adopt  
28 appliance standards and the extent to which such state  
29 appliance standards are not preempted by federal law.  
30 As used in this section "appliance" includes, but is  
31 not limited to, air conditioners, space heaters,  
32 commercial lighting, cooling, and cooking devices, and  
33 refrigerators."

34 60. By striking page 23, line 7, through page 25,  
35 line 13, and inserting the following:

36 "Sec. \_\_\_\_\_.  
37

38 1. The state department of transportation, in  
39 consultation with units of local government, including  
40 representatives of cities of 200,000 or more  
41 population, cities of 50,000 or more but less than  
42 200,000 population, and cities under 50,000  
43 population, shall conduct, conditioned upon the  
44 availability of funds, a comprehensive study of the  
45 relationship between transportation planning, systems  
46 development, and management to urban and rural  
47 development, land use planning, and energy demand.  
48 The purpose of the study shall be to identify  
49 opportunities to improve the long-term energy  
50 efficiency of transportation, as well as to improve  
51 traffic safety and service. The results of the study  
52 shall be reported to the general assembly and shall

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1 contain recommended policies and legislation.

2 The department may use any appropriation or other  
3 funds available to it for the purpose of this study,  
4 may contract with one or more universities located  
5 within the state for assistance with the study, and  
6 may contract with consultants for assistance with the  
7 study as necessary. An interim report shall be made  
8 to the general assembly by January 31, 1991.

9 2. The study shall include where appropriate:

10 a. An energy demand and planning survey to  
11 determine the amounts of energy which is consumed for  
12 transportation related purposes.

13 b. An analysis of regional commuting patterns.

14 c. Development of alternatives to commuting by  
15 single occupant motor vehicles, including:

16 (1) A feasibility study for implementing light  
17 rail passenger service as an alternative to highway  
18 construction or expansion, including specifically  
19 providing commuter service on existing rail lines in  
20 the Cedar Rapids-Iowa City area and the Des Moines-  
21 Ames area.

22 (2) A feasibility study for implementing high  
23 occupancy vehicle (HOV) lanes during rush hours on  
24 urban controlled access freeways or interstate  
25 highways within metropolitan areas.

26 d. An evaluation of the need to conduct a trial  
27 program, for a six-month period at minimum, of a ramp  
28 metering system on at least one metropolitan  
29 interchange of the interstate highway system.

30 e. The preparation of model legislation or rules  
31 to encourage the creation and use of vanpools or  
32 carpools for commuters. Proposed legislation or rules  
33 may include, but are not limited to, an interest-free  
34 loan program for vanpools and other incentives for the  
35 formulation and operation of vanpools or carpools.

36 f. The preparation of a feasibility study of using  
37 bike and pedestrian ways for movement of people from  
38 residential areas to work centers as an alternative to  
39 motor vehicles.

40 g. An analysis of the costs of each possible  
41 solution which shall include environmental, health,  
42 and other costs or benefits which are not otherwise  
43 accounted for.

44 Sec. \_\_\_\_.

45 The state department of transportation shall,  
46 conditioned upon the availability of funds, compile an  
47 inventory of traffic signals and their use in the  
48 state. The inventory shall be detailed enough to  
49 allow consideration of the appropriateness of the  
50 signals and their operation following the most current



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1 policies both as identified by the institute of  
2 transportation engineers and identified in the manual  
3 on uniform traffic control devices for streets and  
4 highways by the federal highway administration. The  
5 assessment shall consider what improvements, if any,  
6 should be made to signals to improve energy  
7 efficiency, safety, and traffic service, and shall  
8 consider what signals, if any, should be eliminated.  
9 The department may identify and add other classes of  
10 or uses of traffic control devices to the inventory,  
11 and review the impact on energy usage, safety, and  
12 traffic service of specified classes of traffic  
13 control devices. The department shall recommend as  
14 part of the comprehensive report any changes needed in  
15 state statutes or policy to provide for the improved  
16 management, control, and use of all traffic devices.  
17 The inventory with a summary report shall be submitted  
18 to the general assembly on or before January 31, 1992.

19 Sec. \_\_\_\_.

20 1. The state department of transportation, in  
21 consultation with the department of management and  
22 other appropriate public agencies, shall recommend  
23 projects including but not limited to projects to  
24 encourage additional public employees to carpool,  
25 vanpool, or use public transportation.

26 2. Funds repaid from state transit assistance  
27 loans pursuant to section 307.38 may be used as  
28 necessary to provide the incentives for the projects.

29 3. The state department of transportation, in  
30 consultation with the department of management, shall  
31 report the recommendations to the general assembly on  
32 or before January 1, 1991.

33 4. The report shall include the cost of providing  
34 parking spaces at representative locations owned or  
35 operated by state government, including the capitol  
36 complex.

37 5. The report shall recommend specific sources of  
38 funding for incentives and other related expenses for  
39 promotion and administration.

40 Sec. \_\_\_\_.

41 The department of management, in consultation with  
42 the department of natural resources, division of  
43 energy and geological resources, shall conduct an  
44 interest survey of state employees' interest in and  
45 willingness to use telecommuting. The survey shall  
46 especially target state employees whose primary duties  
47 and services are typically performed by phone or upon  
48 a computer, and who currently have access to a  
49 computer or other telecommunication equipment at work,  
50 but need not be limited to such employees. The

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1 results of the survey shall be presented to the  
2 general assembly on or before January 15, 1991.

3 Sec. \_\_\_\_.

4 The department of natural resources shall make  
5 recommendations to reduce fuel costs and other  
6 expenses incurred by local school districts in both  
7 urban and rural areas to transport students. The  
8 recommendations may include methods or criteria for  
9 the bus scheduling and other strategies deemed  
10 economically feasible by the department.

11 Sec. \_\_\_\_.

12 The state board of education shall require driver  
13 education courses offered by schools under the board's  
14 jurisdiction to include instruction in the following  
15 additional subject areas:

16 1. Routine maintenance of motor vehicles to  
17 maximize energy efficiency and safety.

18 2. Operation of motor vehicles to maximize energy  
19 efficiency and safety.

20 Sec. \_\_\_\_.

21 The department of natural resources, subject to the  
22 availability of funds, shall contract with a qualified  
23 person or persons to offer a free car care clinic at  
24 least fourteen sites geographically distributed  
25 throughout the state. Each such clinic shall inspect  
26 vehicles of attendees and instruct owners and  
27 operators of motor vehicles in the maintenance of  
28 motor vehicles to maximize energy efficiency. Vehicle  
29 inspections conducted at the clinic may include minor  
30 adjustments, including, but not limited to, adjusting  
31 belt tensions or inflating tires. The department  
32 shall cooperate with appropriate vocational  
33 educational programs to utilize students skilled in  
34 the field to the extent possible. The administrator  
35 shall coordinate with local officials and vocational  
36 educational programs for each site the scheduling and  
37 promotion of the clinic."

38 61. By striking page 25, line 14, through page  
39 26, line 20.

40 62. By striking page 26, line 21, through page  
41 28, line 20 and inserting the following:

42 "Sec. \_\_\_\_.

43 The department of natural resources shall develop a  
44 proposal to phase in on a statewide basis, or on a  
45 multistate basis, automotive tailpipe emission  
46 standards as established by the state of California as  
47 of January 1, 1990. The department shall submit the  
48 proposal to the general assembly on or before January  
49 15, 1991."

50 63. By renumbering, relettering, or redesignating

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1 and correcting internal references as necessary.

RECEIVED FROM THE HOUSE

S-5942 FILED APRIL 6, 1990

CONCURRED (p. 16/14)

DELUHERY, CA.  
BRONSTAL  
TATE

SSB 2243

ENVIRONMENT & ENERGY  
UTILITIES

SENATE FILE 2403

BY (PROPOSED COMMITTEE ON  
ENVIRONMENT AND ENERGY  
UTILITIES 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.

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

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TLSB 7716SC 73

dw/jw/5

1 Section 1. Section 18.115, subsection 4, Code Supplement  
2 1989, is amended by adding the following new unnumbered  
3 paragraphs:

4 NEW UNNUMBERED PARAGRAPH. Effective January 1, 1992, the  
5 state motor vehicle dispatcher shall not purchase a passenger  
6 automobile which does not have an average fuel efficiency  
7 rating equal to or greater than the corporate average fuel  
8 economy standard for the automobile model year as established  
9 by the United States secretary of transportation under 15  
10 U.S.C. § 2002. Special work vehicles, trucks, law enforcement  
11 vehicles, and passenger automobiles rated at more than six  
12 passengers in capacity, are exempt from this fleet acquisition  
13 efficiency requirement. This paragraph applies to state  
14 vehicles under the authority of the state vehicle dispatcher,  
15 and to vehicles purchased by the state department of  
16 transportation, institutions under the control of the state  
17 board of regents, the department for the blind, and any other  
18 agencies exempted from obtaining vehicles for use through the  
19 state vehicle dispatcher.

20 NEW UNNUMBERED PARAGRAPH. Effective January 1, 1993, the  
21 average passenger fuel efficiency for state vehicles used to  
22 transport passengers must be at least equal to the corporate  
23 average fuel economy standard for the automobile model year as  
24 established by the United States secretary of transportation  
25 under 15 U.S.C. § 2002. The average passenger fuel efficiency  
26 shall be calculated by dividing the number of passengers for  
27 the trip by the number of trip miles divided by the vehicle's  
28 fuel economy rating. Special work vehicles, trucks, and law  
29 enforcement vehicles are exempt from this fleet passenger  
30 miles or use efficiency requirement. This paragraph applies  
31 to state vehicles under the authority of the state vehicle  
32 dispatcher, and to vehicles operated by the state department  
33 of transportation, institutions under the control of the state  
34 board of regents, the department for the blind, and any other  
35 agencies exempted from obtaining vehicles for use through the

1 state vehicle dispatcher.

2 Sec. 2. NEW SECTION. 72.5 LIFE CYCLE COST.

3 1. Every contract for a public improvement or construction  
4 of a public building, including new construction or renovation  
5 of an existing public building, by the state, or an agency or  
6 political subdivision of the state, shall consider each bid in  
7 light of the bid's proposed life cycle cost for the public  
8 improvement or construction project. The lowest bidder shall  
9 be the bidder who submits the bid with the lowest proposed  
10 life cycle cost of the public improvement or construction  
11 project.

12 2. In connection with development of a statewide building  
13 energy efficiency rating system, pursuant to section 93.40,  
14 the director of the department of natural resources in  
15 consultation with the department of management, shall develop  
16 rules to evaluate construction bid proposals based upon the  
17 energy efficiency rating system for public buildings, and  
18 other life cycle cost factors, to assure fair and uniform  
19 comparisons between bid proposals.

20 3. The department of management shall develop a proposal  
21 for submission to the general assembly on or before January  
22 10, 1991, to create a division within the department of  
23 management to evaluate life cycle costs on bids submitted on  
24 public improvement and construction contracts for agencies and  
25 political subdivisions of the state, to assure uniform  
26 comparisons and professional evaluations of bid proposals by  
27 an independent agency.

28 4. It is the intent of the general assembly to discourage  
29 construction of public buildings based upon lowest acquisition  
30 cost, and instead to require that such decisions be based upon  
31 life cycle costs to reduce energy consumption, maintenance  
32 requirements, and continuing burdens upon taxpayers.

33 Sec. 3. Section 93.1, Code 1989, is amended by adding the  
34 following new subsections:

35 NEW SUBSECTION. 6. "Administrator" means the

1 administrator of the division of energy and geological  
2 resources of the department of natural resources.

3 NEW SUBSECTION. 7. "Council" means the energy funds  
4 disbursement council created in section 455F.3.

5 NEW SUBSECTION. 8. "Division" means the division of  
6 energy and geological resources of the department of natural  
7 resources.

8 Sec. 4. NEW SECTION. 93.3 ENERGY EFFICIENCY GOAL.

9 The goal of this state is to more efficiently utilize  
10 energy resources, especially those that are nonrenewable or  
11 that have negative environmental impacts, in order to enhance  
12 the economy of the state and to decrease the state's  
13 dependence on energy resources from outside the state by  
14 reducing the amount of energy used to produce each dollar of  
15 gross state product. This goal is to be implemented through  
16 the development of programs that promote energy efficiency and  
17 energy conservation by all Iowans, through the development and  
18 enhancement of an energy efficiency industry, through the  
19 development of indigenous energy resources that are  
20 economically and environmentally viable, and through the  
21 development and implementation of effective public information  
22 and education programs.

23 State government shall be a model and testing ground for  
24 the use of energy efficiency systems.

25 Sec. 5. Section 93.7, subsection 1, unnumbered paragraph  
26 2, Code Supplement 1989, is amended to read as follows:

27 The department shall develop the plan with the assistance  
28 of, and in consultation with, representatives of the energy  
29 industry, economic interests, the public, and other interested  
30 parties. The department shall submit a report to the general  
31 assembly concerning the status and implementation of the plan  
32 on a biennial basis. The biennial update shall contain an  
33 evaluation of all state energy programs including expected  
34 versus actual benefits and forecasts of future energy demand  
35 in Iowa.

1 Sec. 6. Section 93.7, subsection 4, unnumbered paragraph  
2 1, Code Supplement 1989, is amended to read as follows:

3 Establish a central depository within the state for energy  
4 data. The department shall collect or cause to be collected  
5 data necessary to forecast future energy demands in the state.  
6 The data collected shall include, but is not limited to, end-  
7 use data for all economic sectors and for all energy sources  
8 used in the state. The department may require a supplier to  
9 provide information pertaining to the supply, storage,  
10 distribution and sale of energy sources in this state. The  
11 information shall be furnished on a periodic basis, shall be  
12 of a nature which directly relates to the supply, storage,  
13 distribution and sale of energy sources, and shall not include  
14 any records, documents, books or other data which relate to  
15 the financial position of the supplier. Provided the  
16 department, prior to requiring any supplier to furnish it with  
17 such information, shall make every reasonable effort to  
18 determine if the same is available from any other governmental  
19 source. If it finds such information is available, the  
20 department shall not require submission of the same from a  
21 supplier. Notwithstanding the provisions of chapter 22,  
22 information and reports obtained under this section shall be  
23 confidential except when used for statistical purposes without  
24 identifying a specific supplier and when release of the  
25 information will not give an advantage to competitors and  
26 serves a public purpose. The department shall use this data  
27 to conduct energy forecasts which shall be included in the  
28 biennial update required by section 93.7, subsection 1.

29 Sec. 7. Section 93.7, subsection 5, Code Supplement 1989,  
30 is amended to read as follows:

31 5. Develop, recommend, and recommend implement public and  
32 professional education and communication programs in energy  
33 efficiency, energy conservation, and conversion to alternative  
34 sources of energy.

35 Sec. 8. Section 93.7, Code Supplement 1989, is amended by

1 adding the following new subsection:

2 NEW SUBSECTION. 15. Conduct a study on activities related  
3 to energy production and use which contribute to global  
4 climate change. The study shall identify the types and  
5 relative contributions of these activities in Iowa. The  
6 department shall develop a strategy to reduce emissions from  
7 activities identified as having an adverse impact on the  
8 global climate. The department shall submit a report  
9 containing its findings and recommendations to the governor  
10 and general assembly by January 1, 1992.

11 Sec. 9. NEW SECTION. 93.40 STATEWIDE BUILDING ENERGY  
12 EFFICIENCY RATING SYSTEM.

13 1. The director shall adopt rules, pursuant to chapter  
14 17A, establishing a statewide building energy efficiency  
15 rating system. The rating system shall apply to all new and  
16 existing public, commercial, industrial, and residential  
17 buildings in the state and shall be established subject to the  
18 following schedule:

19 a. Ratings shall be developed for new residential  
20 buildings by July 1, 1991.

21 b. Ratings shall be developed for existing residential  
22 buildings by July 1, 1992.

23 c. Ratings shall be developed for new public buildings by  
24 July 1, 1993.

25 d. Ratings shall be developed for existing public  
26 buildings by July 1, 1994.

27 e. Ratings shall be developed for new commercial and  
28 industrial buildings by July 1, 1994.

29 f. Ratings shall be developed for existing commercial and  
30 industrial buildings by July 1, 1995.

31 The director shall adopt a minimum acceptable energy  
32 efficiency standard for each class of buildings.

33 2. a. The energy efficiency rating shall be disclosed to  
34 a prospective buyer prior to accepting an offer to purchase.  
35 The prospective buyer may withdraw an offer to purchase or



1 rescind the contract at any time through the closing and incur  
2 no liability if the seller or the seller's agent fails to  
3 disclose the energy efficiency rating of a building proposed  
4 to be sold. The prospective buyer may withdraw an offer to  
5 purchase and incur no liability based upon the energy  
6 efficiency rating disclosed.

7 b. The energy efficiency rating shall be disclosed to a  
8 prospective lessee prior to accepting an offer to lease. The  
9 prospective lessee may withdraw an offer to lease or rescind  
10 the lease at any time up until possession of the premises is  
11 delivered and incur no liability if the lessor or the lessor's  
12 agent fails to disclose the energy efficiency rating of a  
13 building proposed to be leased. The prospective lessee may  
14 withdraw an offer to lease and incur no liability based upon  
15 the energy efficiency rating disclosed.

16 c. The builder of a new residential, commercial, or  
17 industrial building shall certify to the division that the new  
18 building meets both the minimum energy efficiency standard  
19 established by rule of the department and the energy  
20 efficiency rating for the building based upon the system  
21 adopted pursuant to subsection 1. A person shall not  
22 advertise or use another energy efficiency rating other than  
23 the rating certified to the division.

24 d. Concurrent with the disclosure of an energy efficiency  
25 rating pursuant to paragraphs "a" through "c", the prospective  
26 purchaser or lessee shall be provided with a copy of an  
27 information brochure prepared or approved by the division  
28 which includes information relevant to that class of building,  
29 including, but not limited to:

30 (1) How to analyze the building's energy efficiency  
31 rating.

32 (2) Comparisons to statewide averages for new and existing  
33 construction of that class.

34 (3) Annual energy cost conversion information based upon  
35 statewide average energy rates or reasonably current local

1 rates.

2 (4) Information concerning methods to improve a building's  
3 energy efficiency rating.

4 (5) A notice for residential buyers that qualifying income  
5 for mortgage loan purposes may be affected by the energy  
6 efficiency rating.

7 e. If the builder of a new residential, commercial, or  
8 industrial building is on provisional status as provided in  
9 section 93.41, concurrent with the disclosure of an energy  
10 efficiency rating pursuant to paragraphs "a" through "c", the  
11 prospective purchaser or lessee shall be notified that the  
12 builder is on provisional status because prior buildings of  
13 the builder have failed to meet minimum standards or as rated.

14 f. A new residential, commercial, or industrial building  
15 shall not be hooked up or connected to any provider of  
16 electricity, whether a regulated utility, rural electric  
17 cooperative, municipal utility, or otherwise; or natural gas,  
18 except liquid petroleum, unless the builder has certified to  
19 the division that the building meets the minimum energy  
20 efficiency standard required by the department pursuant to  
21 subsection 1. Penalties against the builder if a new building  
22 fails to perform up to minimum standards or as rated are  
23 provided in section 93.41.

24 g. Each public building proposed for construction,  
25 renovation, or acquisition shall be rated pursuant to the  
26 energy efficiency rating system provided in subsection 1 prior  
27 to contracting for the construction, renovation, or  
28 acquisition. The public body proposing to contract for  
29 construction, renovation, or acquisition for a public building  
30 shall consider the energy efficiency ratings of alternatives  
31 when contracting.

32 3. The energy efficiency rating system adopted by the  
33 department shall provide a means of analyzing and comparing  
34 the relative energy efficiency of buildings upon sale or lease  
35 of new or existing residential, commercial, or industrial

1 buildings. The system shall provide for rating each public  
2 building in existence to assist public officials in decision  
3 making with regard to capital improvements and public energy  
4 costs. The system shall be based primarily upon a measurement  
5 of total energy consumption per unit of space. The rating  
6 system shall include factors for heating, cooling, lighting,  
7 appliances, and all other energy-using devices or systems, or  
8 characteristics determining energy usage, of buildings as  
9 appropriate to each class of building. The energy efficiency  
10 rating system may be, but is not required to be, based upon  
11 the home heating index as contained in the Iowa state building  
12 code, 661 Iowa Administrative Bulletin 16.800 (103A). The  
13 department shall adopt a minimum acceptable standard for each  
14 class of new construction. The department of public safety  
15 shall adopt any conforming amendments to the Iowa building  
16 code rules on thermal and lighting efficiency standards as are  
17 necessary after the department adopts the energy efficiency  
18 rating system and the minimum energy efficiency standard for  
19 each class of new construction under subsection 1.

20 4. All public buildings shall be analyzed for energy  
21 efficiency using this rating system by July 1, 1995. The  
22 results of that analysis shall be submitted to the department  
23 by August 1, 1995. The department shall submit a report to  
24 the governor and general assembly by January 15, 1996, that  
25 analyzes the results of this evaluation of public buildings  
26 and includes recommendations. The results of the analysis of  
27 each building shall be submitted to the public agency or  
28 governmental subdivision which owns or operates that building  
29 as well.

30 5. The director shall make available energy efficiency  
31 practices information to be used by individuals involved in  
32 the design, construction, retrofitting, and maintenance of  
33 buildings for state and local governments.

34 6. For purposes of this section and section 93.41:

35 a. "Builder" means the prime contractor that hires and

1 coordinates building subcontractors or if there is no prime,  
2 the contractor that completes more than fifty percent of the  
3 total construction work performed on the building.  
4 Construction work includes, but is not limited to, foundation,  
5 framing, wiring, plumbing, and finishing work.

6 b. "Public building" means a building owned or operated by  
7 the state, a state agency, or a governmental subdivision,  
8 including but not limited to a city, county, or school  
9 district.

10 Sec. 10. NEW SECTION. 93.41 ENERGY EFFICIENCY SYSTEM  
11 RATING ENFORCEMENT.

12 1. A new residential, commercial, industrial, or public  
13 building for which a building permit is issued after the  
14 effective date of rules establishing an energy efficiency  
15 rating system for that class of building pursuant to section  
16 93.40, shall be rated by the builder using that system as  
17 provided in section 93.40, subsection 3. The builder shall  
18 certify to the division the rating of the new building, that  
19 the building meets the minimum energy efficiency standard for  
20 its class, and that the building was constructed in  
21 conformance with the specifications of the construction  
22 documents upon which the rating is based.

23 2. a. If within ten years after issuance of the  
24 certificate of occupancy a new building's average annual  
25 energy costs exceed the estimated annual energy costs based  
26 upon the builder's certified rating for that new building,  
27 adjusted for the actual cost of energy and degree days, by  
28 more than twenty-five percent in each of three consecutive  
29 years, the division or the owner or operator of that building  
30 may file a complaint with the division against the contractor.

31 b. The department may by rule adopted pursuant to chapter  
32 17A require a provider of electricity or natural gas, other  
33 than liquified petroleum, to notify the division if within ten  
34 years of a new building's initial utility hookup the annual  
35 energy costs billed for the building exceed by more than

1 twenty-five percent the estimated annual energy costs based  
2 upon the builder's certified rating for that building.

3 3. The division shall conduct an investigation, including  
4 analysis of the owner or operator's energy consumption and of  
5 the building itself, employing such means as it deems  
6 appropriate to determine within reason the cause for higher  
7 than expected energy consumption. If after completing the  
8 investigation, the division believes that a building was not  
9 constructed in conformance with the construction documents  
10 upon which the energy efficiency rating was based, or that the  
11 builder fraudulently rated the building, the administrator may  
12 order the builder to appear at a hearing conducted pursuant to  
13 chapter 17A to show cause why penalties should not be imposed.

14 4. A builder ordered to appear shall be provided with the  
15 results of the division's investigation. The contractor has  
16 the burden of showing by a preponderance of the evidence that  
17 the contractor's acts or omissions were not a substantial  
18 cause of the higher than expected annual energy costs. The  
19 division shall have the burden of showing fraudulent conduct  
20 or falsification of information by the builder by a  
21 preponderance of the evidence.

22 5. The following penalties may be ordered by an  
23 administrative law judge against a builder found to have been  
24 a substantial cause of a rated building failing to meet its  
25 expected adjusted annual average energy consumption based upon  
26 the energy efficiency rating by the builder for that building  
27 and the builder's certification of compliance with minimum  
28 energy efficiency standards:

- 29 a. Contractor registration suspension or revocation.  
30 b. Assignment to provisional status.  
31 c. Civil penalty, not to exceed one thousand dollars per  
32 one hundred square feet of the building in question.

33 If the administrative law judge finds that the contractor  
34 falsified information or engaged in fraudulent conduct in  
35 connection with certifying the original energy efficiency

1 rating, the maximum civil penalty shall be imposed and the  
2 builder's contractor registration shall at minimum be  
3 suspended for a six-month period.

4 6. If a builder is placed on provisional status, each of  
5 the builder's buildings completed while on provisional status  
6 shall be monitored during construction for compliance and  
7 after completion for performance. The division may convert a  
8 builder from provisional status to suspension or revocation of  
9 the builder's contractor registration and order any provider  
10 of electricity or natural gas to refuse to hook up or connect  
11 a building built by the builder if monitoring of the builder  
12 during provisional status indicates a continued inability to  
13 satisfy minimum energy efficiency standards. Provisional  
14 status shall continue for three years from the date of the  
15 most recent incident of testing of a building, which test  
16 indicated consumption of twenty-five percent or more energy  
17 than either the minimum standard for that class of new  
18 construction or the certified rating for that new building.

19 7. The division shall, if necessary, amend the energy  
20 efficiency rating system based upon experience with particular  
21 designs or components which fail to meet expected energy  
22 efficiency through no fault of the contractor. The  
23 administrator may also report an architect or professional  
24 engineer to the respective examining board if the  
25 administrator believes an architect or professional engineer  
26 has engaged in fraudulent conduct in connection with an energy  
27 efficiency rating for a building.

28 Sec. 11. Section 214A.2, subsection 3, Code Supplement  
29 1989, is amended by striking the subsection and inserting in  
30 lieu thereof the following:

31 3. a. Gasoline with a mixture of ten percent or more  
32 ethanol, but not more than thirteen percent, shall be known as  
33 gasohol.

34 b. Gasoline with a mixture of more than thirteen percent  
35 ethanol, but not more than twenty-five percent, shall be known

1 as high blend ethanol. For purposes of chapters 323A, 324,  
2 and 422, high blend ethanol shall be treated as gasohol.

3 c. Gasoline shall not contain a mixture of more than  
4 twenty-five percent ethanol.

5 Sec. 12. NEW SECTION. 214A.19 STATE ALTERNATE FUEL  
6 PROGRAMS.

7 1. There is appropriated for the fiscal year beginning  
8 July 1, 1990, and ending June 30, 1991, seven hundred fifty  
9 thousand dollars from the general fund of the state to the  
10 joint alternate fuels project of the state board of regents  
11 for the following designated purposes:

12 To coordinate and fund research on alternative fuels, and  
13 for salaries, support, and miscellaneous purposes.

14 2. A joint alternate fuels project is established under  
15 the supervision of the state board of regents. Participants  
16 in the project shall include employees of institutions of  
17 higher education under the control of the state board of  
18 regents, engaged in research relating to ethanol, gasohol,  
19 methanol, or other alternative fuels for motor vehicle  
20 transportation as a significant part of the employees'  
21 responsibilities. The state board of regents shall appoint a  
22 director of the joint project to coordinate alternative fuels  
23 research at institutions under the control of the state board  
24 of regents.

25 3. The state shall purchase and use high blend ethanol for  
26 all state-owned passenger vehicles when high blend ethanol is  
27 available. The state department of transportation and the  
28 state vehicle dispatcher shall cooperate with the joint  
29 alternative fuels project in a demonstration program for the  
30 use of high blend ethanol.

31 4. The joint alternative fuels project shall develop a  
32 proposal for submission on or before January 10, 1991, to the  
33 general assembly and the energy funds disbursement council of  
34 the department of natural resources, for applied research to  
35 develop an economically viable, small, alternative fuel

1 production facility, suitable for decentralized fuel  
2 production for farm and motor vehicle use. Purposes of the  
3 research program shall include exploration of the economic and  
4 environmental benefits and costs of decentralized alternative  
5 fuels production.

6 Sec. 13. NEW SECTION. 220.85 RESIDENTIAL ENERGY COSTS  
7 CONSIDERED IN MORTGAGE APPLICATION.

8 1. The authority shall adopt rules pursuant to chapter 17A  
9 to require a person who makes a loan secured by a mortgage on  
10 residential property to adjust a proposed mortgagor's income  
11 considered adequate for loan approval to reflect the annual  
12 energy costs of the property proposed to be mortgaged.

13 a. The adjustment may be based upon actual energy  
14 consumption of the prior owner of an existing property.

15 b. For a new residential property, the adjustment shall be  
16 based upon the building's energy efficiency rating pursuant to  
17 section 93.40.

18 2. The rules shall require adjustment of the proposed  
19 mortgagor's income based upon the following criteria:

20 a. A proposed mortgagor's annual income for loan approval  
21 purposes shall be increased by the amount the residential  
22 building proposed to be mortgaged is estimated to have total  
23 annual energy costs less than the statewide average for  
24 similar sized residences.

25 b. A proposed mortgagor's annual income for loan approval  
26 purposes shall be decreased by the amount the residential  
27 building proposed to be mortgaged is estimated to have total  
28 annual energy costs greater than the statewide average for  
29 similar sized residences.

30 3. Rules may permit energy cost estimates to include  
31 adjustments for capital improvements to be made to the  
32 residential property proposed as a condition or purpose of the  
33 loan, such as, but not limited to, added insulation,  
34 weatherization, furnace or other mechanical system upgrades.

35 Sec. 14. Section 258A.2, Code 1989, is amended by adding



1 the following new subsection:

2     NEW SUBSECTION. 2A. The rules for the state board of  
3 engineering and land surveyors, the board of architectural  
4 examiners, and the board of landscape architectural examiners  
5 shall require that professional engineers, architects, and  
6 landscape architects, respectively, complete a minimum number  
7 of hours of continuing education related to energy efficiency.  
8 Energy efficiency continuing education requirements under this  
9 subsection shall be coordinated among the boards and the  
10 institutions of higher education under the control of the  
11 state board of regents which typically offer continuing  
12 education courses for design professionals, to assure  
13 availability of courses and interdisciplinary cooperation and  
14 education concerning available energy efficiency strategies  
15 for employment in the state's construction industry.

16     Sec. 15. NEW SECTION. 262.100 REGENTS' INSTITUTIONS  
17 CONSTRUCTION AND CONSTRUCTION DESIGN DEGREE PROGRAMS.

18     1. An institution of higher education under the control of  
19 the state board of regents which offers a degree program  
20 related to construction or construction design, including, but  
21 not limited to architecture, civil engineering, construction  
22 engineering, electrical engineering, mechanical engineering,  
23 interior design, or landscape architecture, shall include as a  
24 requirement for graduation for new entrants to that degree  
25 program after July 1, 1991, a minimum number of credit hours  
26 relating to energy efficient design and construction, not in  
27 conflict with accreditation standards for that degree program.

28     2. Each institution of higher education under the control  
29 of the state board of regents which offers continuing  
30 education classes under chapter 258A to design or construction  
31 professionals shall offer energy efficiency continuing  
32 education classes to graduates of the construction and design  
33 degree programs offered by the institution. The continuing  
34 education classes offered shall at minimum satisfy  
35 requirements adopted by the engineering and land surveying

1 examining board, the architectural examining board, and the  
2 landscape architectural examining board. Continuing education  
3 course offerings related to energy efficiency shall emphasize  
4 available design options and construction techniques to  
5 maximize energy efficiency and interdisciplinary cooperation  
6 and education on energy efficiency strategies for employment  
7 in the state's construction industry.

8 Sec. 16. NEW SECTION. 268.5 ENERGY EFFICIENCY AND WASTE  
9 REVIEW AS CONDITION OF RECEIPT OF BUSINESS ASSISTANCE FROM  
10 STATE.

11 1. Prior to the receipt of any state assistance, whether  
12 direct or indirect, to a person qualified for assistance under  
13 a program described in this subsection and authorized by a  
14 statute listed in this subsection, the person must submit to  
15 and complete an energy efficiency and waste review as provided  
16 in this section. Persons are subject to the energy efficiency  
17 and waste review requirement as a precondition to receipt of  
18 any assistance under a program authorized by any of the  
19 following:

- 20 a. Chapter 280B, Iowa industrial new jobs training Act.  
21 b. Chapter 280C, Iowa small business new jobs training  
22 Act.  
23 c. Chapter 99E, community economic betterment account of  
24 the Iowa plan.  
25 d. Chapter 15, subchapter II, part 9, retraining  
26 assistance.

27 2. The Iowa waste reduction center for the safe and  
28 economic management of solid waste and hazardous substances,  
29 created in section 268.4, shall conduct a waste review of each  
30 person approved for assistance by the agency administering any  
31 of the programs referenced in subsection 1. The waste review  
32 shall include at a minimum all of the following components:

- 33 a. Evaluation of current and proposed solid waste  
34 management and disposal practices.  
35 b. Evaluation of current and proposed hazardous waste

1 management and disposal practices.

2 c. Evaluation of whether the predicted economic  
3 development benefits from the person's activities, which are  
4 the subject of the application for state assistance, are  
5 reasonable in light of the reasonably anticipated detrimental  
6 impact upon the natural environment of those activities.

7 d. Recommendations for improvement in the person's solid  
8 waste or hazardous waste management or disposal practices  
9 within the state, which if implemented, would reasonably  
10 reduce, mitigate, or offset anticipated detrimental  
11 environmental effects of the activities which are the subject  
12 of the application or other activities of the person within  
13 the state.

14 3. The division of energy and geological resources of the  
15 department of natural resources shall conduct an energy  
16 efficiency review of each person approved for assistance by  
17 the agency administering any of the programs referenced in  
18 subsection 1. The energy efficiency review shall include at a  
19 minimum all of the following components:

20 a. Evaluation of current and proposed energy efficiency  
21 management practices and total energy consumption.

22 b. Recommendations for improvement in the person's energy  
23 efficiency management or energy consumption through adoption  
24 of specific energy efficiency strategies.

25 4. The Iowa waste reduction center or the division of  
26 energy and geological resources may recommend conditioning  
27 assistance under any of the programs referenced in subsection  
28 1 upon the person's commitment to adopt one or more of the  
29 recommendations made in the waste review under subsection 2 or  
30 the energy efficiency review under subsection 3.

31 Sec. 17. Section 476.1, unnumbered paragraph 7, Code 1989,  
32 is amended to read as follows:

33 The jurisdiction of the board under this chapter shall  
34 include programs designed to promote the use of energy  
35 conservation efficiency strategies by rate or service-

1 regulated gas and electric utilities. These programs shall be  
2 cost effective. The board may initiate these programs as  
3 pilot projects to accumulate sufficient data to determine if  
4 the programs meet the requirements of this paragraph.

5 Sec. 18. Section 476.1A, unnumbered paragraph 1, Code  
6 Supplement 1989, is amended to read as follows:

7 Electric public utilities having ~~less~~ fewer than ten  
8 thousand customers and electric cooperative corporations and  
9 associations are not subject to the rate regulation authority  
10 of the board. Such utilities are subject to all other  
11 regulation and enforcement activities of the board, including:

12 Sec. 19. Section 476.1A, unnumbered paragraph 2, Code  
13 Supplement 1989, is amended to read as follows:

14 However, sections 476.20, 476.21, 476.41 through 476.44,  
15 476.51, 476.56, 476.62, and 476.66 and chapters 476A and 478,  
16 to the extent applicable, apply to such electric utilities.  
17 Such electric utilities are subject to the rules adopted by  
18 the board which require filing plans for projects designed to  
19 promote the use of energy efficiency strategies. However, the  
20 board may waive the filing requirements upon a showing of good  
21 cause.

22 Sec. 20. Section 476.1B, subsection 2, Code Supplement  
23 1989, is amended to read as follows:

24 2. Municipally owned utilities shall be required to adhere  
25 to the requirements of the following sections of the Code but  
26 all rules and regulations to enforce these sections shall lie  
27 with each local municipal utility's governing board. The  
28 board has no authority concerning these sections as they apply  
29 to municipal utilities:

30 a. Peak-load management techniques, as set forth in  
31 section 476.17.

32 b. ~~Promulgation~~ Adoption of rules concerning the use of  
33 ~~energy conservation~~ efficiency strategies, as set forth in  
34 section ~~476.2~~ 476.6, subsection 16. However, municipally  
35 owned utilities shall be subject to rules adopted by the board

1 which require filing plans for projects designed to promote  
2 the use of energy efficiency strategies. The board may waive  
3 the filing requirements upon a showing of good cause. This  
4 paragraph does not subject the rates of municipally owned  
5 utilities to the regulatory authority of the board.

6 Sec. 21. Section 476.1C, subsection 1, unnumbered  
7 paragraph 1, Code 1989, is amended to read as follows:

8 Gas public utilities having ~~less~~ fewer than two thousand  
9 customers are not subject to the regulation authority of the  
10 utilities board under this chapter unless otherwise  
11 specifically provided. Sections 476.10, 476.20, 476.21, and  
12 476.51 apply to such gas utilities. Such gas utilities are  
13 subject to rules adopted by the board which require filing  
14 plans for projects designed to promote the use of energy  
15 efficiency strategies.

16 Sec. 22. Section 476.2, unnumbered paragraph 5, Code 1989,  
17 is amended by striking the paragraph.

18 Sec. 23. Section 476.6, subsection 15, unnumbered  
19 paragraphs 3, 5, and 6, Code Supplement 1989, are amended by  
20 striking the paragraphs.

21 Sec. 24. Section 476.6, subsection 16, unnumbered  
22 paragraph 2, Code Supplement 1989, is amended by striking the  
23 paragraph.

24 Sec. 25. Section 476.6, Code Supplement 1989, is amended  
25 by adding the following new subsection:

26 NEW SUBSECTION. 19. ENERGY EFFICIENCY IMPLEMENTATION,  
27 COST REVIEW, AND COST RECOVERY.

28 a. The board may periodically conduct a contested case  
29 proceeding to evaluate the reasonableness and prudence of a  
30 gas or electric rate-regulated public utility's practices and  
31 provide for the recovery of expenditures and related costs of  
32 the provision of energy efficiency projects. Notice to  
33 customers shall be in a manner prescribed by the board. The  
34 board shall consider the cost effectiveness of the projects  
35 and shall allow the utility to recover the reasonable

1 expenditures and related costs of the projects determined to  
2 be cost effective. However, a utility may recover the  
3 reasonable expenditures and related costs of an energy  
4 efficiency project which is not cost-effective if the board  
5 determines the utility was prudent and reasonable in the  
6 planning and implementation of the energy efficiency project.

7 b. The board may provide for cost recovery pursuant to  
8 subsection 11. Amounts collected pursuant to this subsection  
9 which the board determines should be refunded to customers  
10 shall include interest at a rate to be determined by the  
11 board. Notwithstanding subsection 11, the adjustment shall  
12 not be reduced to zero and incorporated in rates.

13 c. In addition to the expenditures and related costs  
14 collected pursuant to paragraph "a", if the board determines  
15 sufficient justification exists for assessing a reward or  
16 penalty on the utility for its performance regarding energy  
17 efficiency, the board may allow the utility to collect an  
18 amount as a reward or may require an amount to be deducted  
19 from the recovery of expenditures and related costs as a  
20 penalty.

21 NEW SUBSECTION. 20. FILING OF FORECASTS.

22 The board shall periodically require each rate-regulated  
23 gas or electric public utility to file a forecast of future  
24 gas requirements or electric generating needs and the board  
25 shall evaluate the forecast. The forecast shall include, but  
26 is not limited to, a forecast of the requirements of its  
27 customers, its anticipated sources of supply, and its  
28 anticipated means of addressing the forecasted gas  
29 requirements or electric generating needs.

30 NEW SUBSECTION. 21. ENERGY EFFICIENCY PROGRAM FINANCING.

31 The board may require each rate-regulated gas or electric  
32 public utility to offer qualified customers the opportunity to  
33 enter into an agreement for the amount of moneys reasonably  
34 necessary to finance cost-effective energy efficiency  
35 improvements to the qualified customers' residential dwellings

1 or businesses.

2 Sec. 26. Section 476.8, unnumbered paragraph 1, Code 1989,  
3 is amended to read as follows:

4 Every public utility is required to furnish reasonably  
5 adequate service and facilities. "Reasonably adequate service  
6 and facilities" for public utilities furnishing gas or  
7 electricity includes programs for customers to encourage the  
8 use of energy conservation efficiency and renewable energy  
9 sources. The charge made by any public utility for any heat,  
10 light, gas, energy conservation efficiency and renewable  
11 energy programs, water or power produced, transmitted,  
12 delivered or furnished, or communications services, or for any  
13 service rendered or to be rendered in connection therewith  
14 shall be reasonable and just, and every unjust or unreasonable  
15 charge for such service is prohibited and declared unlawful.  
16 In determining reasonable and just rates, the board shall  
17 consider all factors relating to value and shall not be bound  
18 by rate base decisions or rulings made prior to the adoption  
19 of this chapter.

20 Sec. 27. Section 476.42, subsection 1, Code 1989, is  
21 amended by adding the following new unnumbered paragraph:

22 NEW UNNUMBERED PARAGRAPH. A facility which is a qualifying  
23 facility under 18 C.F.R. part 292, subpart B is not precluded  
24 from being an alternate energy production facility under this  
25 division.

26 Sec. 28. Section 476.42, Code 1989, is amended by adding  
27 the following new subsection:

28 NEW SUBSECTION. 2A. "Next generating plant" means an  
29 electric utility's assumed next coal-fired base load electric  
30 generating plant, whether planned or not, based on current  
31 technology and undiscounted current cost.

32 Sec. 29. Section 476.42, subsection 3, Code 1989, is  
33 amended by adding the following new unnumbered paragraph:

34 NEW UNNUMBERED PARAGRAPH. A facility which is a qualifying  
35 facility under 18 C.F.R. part 292, subpart B is not precluded

1 from being a small hydro facility under this division.

2 Sec. 30. Section 476.43, subsection 3, unnumbered para-  
3 graph 1, Code 1989, is amended to read as follows:

4 The board ~~shall base the~~ may consider the following factors  
5 in setting rates for new facilities or new capacity from  
6 existing facilities on the following factors:

7 Sec. 31. Section 476.43, subsection 3, Code 1989, is  
8 amended by adding the following new paragraphs:

9 NEW PARAGRAPH. e. External factors, including but not  
10 limited to, environmental and economic factors.

11 NEW PARAGRAPH. f. Other relevant factors.

12 Sec. 32. Section 476.43, subsection 4, Code 1989, is  
13 amended by striking the subsection.

14 Sec. 33. Section 476.43, subsection 5, Code 1989, is  
15 amended to read as follows:

16 5. In the case of a utility that purchases all or  
17 substantially all of its electricity requirements, the rates  
18 established under this section must be ~~equal to the current~~  
19 ~~cost to the electric utility of similar types and quantities~~  
20 ~~of electrical service~~ based on the electric utility's current  
21 purchased power costs.

22 Sec. 34. Section 476.44, Code 1989, is amended to read as  
23 follows:

24 476.44 EXCEPTIONS.

25 1. The board shall not require an electric utility to  
26 purchase or wheel electricity from an alternate energy  
27 production facility or small hydro facility unless the  
28 ~~facility meets all of the following conditions~~ is owned or  
29 operated by an individual, firm, copartnership, corporation,  
30 company, association, joint stock association, city, town, or  
31 county that meets both of the following:

32 ~~a. Has an electric generating capacity of not more than~~  
33 ~~eighty megawatts.~~

34 ~~b. Is owned or operated by an individual, firm,~~  
35 ~~copartnership, corporation, company, association, joint stock~~



1 association, city, town, or county that:

2 (1) a. Is not primarily engaged in the business of  
3 producing or selling electricity, gas, or useful thermal  
4 energy other than electricity, gas, or useful thermal energy  
5 sold solely from alternate energy production facilities or  
6 small hydro facilities.

7 (2) b. Does not sell electricity, gas, or useful thermal  
8 energy to residential users other than the tenants or the  
9 owner or operator of the facility.

10 2. ~~The board shall not require an~~ An electric utility  
11 shall not be required to purchase or wheel electricity from a  
12 small hydro facility unless the facility has an electric  
13 generating capacity of not, at any one time, more than eighty  
14 fifteen megawatts of power from alternate energy production  
15 facilities.

16 Sec. 35. Section 476.63, Code Supplement 1989, is amended  
17 to read as follows:

18 476.63 ENERGY CONSERVATION-AND EFFICIENCY PROGRAMS.

19 The division shall consult with the energy and geological  
20 resources division of the department of natural resources in  
21 the development and implementation of public utility energy  
22 ~~conservation and~~ efficiency programs.

23 Sec. 36. Section 476.65, subsection 1, paragraph b, Code  
24 1989, is amended to read as follows:

25 b. That the results of the audit are available to any  
26 person engaged in the business of making or providing energy  
27 ~~conservation~~ efficiency improvements or services who requests  
28 the information whether the request is made for the customer  
29 individually or the request is made for the customer as a  
30 class.

31 Sec. 37. Section 476A.1, subsection 1, Code 1989, is  
32 amended to read as follows:

33 1. "Facility" means any electric power generating plant or  
34 a combination of plants at a single site, owned by any person,  
35 with a total capacity of ~~one-hundred~~ twenty megawatts of

1 electricity or more and those associated transmission lines  
2 connecting the generating plant to either a power transmission  
3 system or an interconnected primary transmission system or  
4 both. Transmission lines subject to the provisions of this  
5 chapter shall not require a franchise under chapter 478.

6 Sec. 38. Section 476A.6, subsection 4, paragraph c, Code  
7 1989, is amended to read as follows:

8 c. Establishment of cost-effective energy conservation  
9 efficiency and renewable energy services and programs.

10 Sec. 39. Section 476A.6, subsection 4, unnumbered  
11 paragraph 1, Code 1989, is amended to read as follows:

12 The applicant, if a public utility as defined in section  
13 476.1, has in effect a comprehensive energy management program  
14 designed to reduce peak loads and to increase efficiency of  
15 use of energy by all classes of customers of the utility, and  
16 the facility in the application is necessary notwithstanding  
17 the existence of the comprehensive energy management program.  
18 As used in this subsection, a "comprehensive energy management  
19 program" includes at a minimum the following:

20 Sec. 40. Section 476A.6, Code 1989, is amended by adding  
21 the following new subsection:

22 NEW SUBSECTION. 4A. The applicant, if a public utility as  
23 defined in section 476.1, shall demonstrate to the board that  
24 the utility has considered sources for long-term electric  
25 supply from either purchase of electricity or investment in  
26 facilities owned by other persons.

27 Sec. 41. Section 476A.6, subsection 5, Code 1989, is  
28 mended to read as follows:

29 5. The applicant, if a public utility as defined in  
30 section 476.1, has considered all feasible alternatives to the  
31 proposed facility including nongeneration alternatives; has  
32 ranked those alternatives by cost; has implemented the least-  
33 cost alternatives first; and the facility in the application  
34 is necessary notwithstanding the implementation of these  
35 alternatives.

1 Sec. 42. Section 476A.15, Code 1989, is amended by  
2 striking the section and inserting in lieu thereof the  
3 following:

4 476A.15 WAIVER.

5 The board, if it determines that the public interest would  
6 not be adversely affected, may waive any of the requirements  
7 of this chapter for facilities with a capacity of one hundred  
8 or fewer megawatts.

9 EXPLANATION

10 Section 1 requires the state to purchase passenger vehicles  
11 which meet or exceed the then current corporate average fuel  
12 economy rating (CAFE) in effect under federal law for that  
13 model year after January 1, 1992. Certain vehicles are exempt  
14 such as special work vehicles, trucks, law enforcement  
15 vehicles, and larger passenger vehicles. The section also  
16 requires the state vehicle dispatcher to use state vehicles to  
17 achieve an average fuel economy per passenger mileage at least  
18 equal to the CAFE standard for the then current automobile  
19 model year. For instance, a single driver with no passenger  
20 would have to be assigned a vehicle with a fuel economy rating  
21 at least equal to the CAFE standard. A group of passengers  
22 could be assigned to a larger, less efficient vehicle, such as  
23 a van, because per passenger, the van would be more efficient  
24 than multiple smaller automobiles to transport the same number  
25 of people.

26 Section 2 requires every contract for a public improvement  
27 or construction of a public building by the state, or an  
28 agency of the state or political subdivision of the state to  
29 award the contract to the responsible bidder submitting the  
30 lower proposed life cycle cost. Procedures to fairly compare  
31 proposed life cycle costs of competing bids are also proposed.

32 Section 3 provides additional definitions for chapter 93.

33 Section 4 establishes energy efficiency as a public policy  
34 goal of the state and provides that state government is to be  
35 a model and testing ground for the use of energy efficiency

1 systems.

2 Section 5 requires the department of natural resources to  
3 make its state energy plan a biennial report.

4 Section 6 expands the department of natural resources  
5 energy data collection authority to include data to permit  
6 forecasting of future energy demand in the state.

7 Section 7 expands the department of natural resources  
8 public education and communication program efforts to include  
9 programs targeted to professional groups.

10 Section 8 requires the department of natural resources to  
11 conduct a study on global warming and develop program  
12 strategies to reduce contributory emissions in the state.

13 Section 9 requires development of an energy efficiency  
14 rating system to facilitate consumer, business, and government  
15 comparisons of new and existing buildings' energy costs.

16 Section 10 provides enforcement mechanisms for the energy  
17 efficiency rating system.

18 This bill generally strikes references to energy  
19 conservation in the public utility title of the Code and  
20 inserts the term energy efficiency.

21 Section 11 permits high blend ethanol as an option to  
22 current gasohol. Gasohol currently can have no more than 13  
23 percent ethanol. High blend ethanol would have an ethanol  
24 content of greater than 13 percent but no more than 25  
25 percent.

26 Section 12 appropriates moneys to a joint alternate fuels  
27 project of the board of regents for use in coordinated  
28 alternative fuels research. A pilot test program for high  
29 blend ethanol use in state vehicles is also provided.

30 Section 13 requires the Iowa finance authority to adopt  
31 rules requiring a mortgage lender to consider the annual  
32 energy costs in evaluating a mortgage loan applicant's income  
33 for loan approval. Section 18 requires businesses applying  
34 for state assistance to submit to a waste review as a  
35 condition of receipt of such business assistance.

1 Sections 14 and 15 require design professional licensing  
2 and examining boards to require continuing education on energy  
3 efficiency strategies as a condition to license renewal.  
4 Additionally, energy efficiency is to be integrated into the  
5 degree programs of construction and construction design  
6 curricula of institutions of higher education under the  
7 control of the board of regents.

8 Section 17 conditions certain state assistance program  
9 benefits to an applicant's submission to an energy efficiency  
10 and waste reduction review.

11 Sections 18 through 25 of this bill provide that rural  
12 electric cooperatives, municipally owned utilities, and gas  
13 public utilities having fewer than two thousand customers will  
14 be required to file plans for energy efficiency projects;  
15 authorizes a contested case proceeding in which the board will  
16 review the prudence and reasonableness of the public  
17 utilities' plans for energy efficiency projects; provides for  
18 the recovery of costs by the public utility and allows the  
19 board to impose rewards or penalties for energy efficiency  
20 performance; requires rate-regulated gas or electric public  
21 utilities to file forecasts of future gas requirements and  
22 electric generating needs, and requires the board to review  
23 these forecasts; gives the board the authority to require  
24 rate-regulated gas or electric public utilities to provide  
25 financing for energy efficiency projects; and removes the  
26 current filing and review of forecasts from the natural gas  
27 supply and cost review plans as the board intends to conduct  
28 this review during its review of energy efficiency projects.

29 Sections 27 and 29 of the bill provide that facilities  
30 which are qualifying facilities under 18 C.F.R. part 292,  
31 subpart B are not precluded from meeting the definition of  
32 alternate energy production facility or small hydro facility  
33 under Iowa law.

34 Section 28 provides a definition of "next generating  
35 plant".

1 Section 30 changes the current Code from requiring the  
2 utilities board to base rates on certain factors to permissive  
3 language which allows them to consider these factors.

4 Section 31 adds 2 more factors which now may be considered  
5 and those are: external factors, including but not limited  
6 to, environmental and economic factors; and other relevant  
7 factors.

8 Section 32 repeals a subsection which required the  
9 utilities board to consider the factors listed in setting  
10 rates for existing facilities and required the board to  
11 consider other factors and establish rates for existing  
12 facilities that are less than the rate established for new  
13 facilities if the board determines that a lower rate is  
14 sufficient to encourage small power production.

15 Section 33 eliminates a requirement that a utility which  
16 purchases all or substantially all of its electricity  
17 requirements has rates equal to the current cost to the  
18 electric utility of similar types and quantities of electrical  
19 service and instead requires that the rates be based on the  
20 electric utility's current purchased power costs.

21 Under current law, an electric utility is not required to  
22 purchase or wheel electricity from an alternate energy  
23 production facility or small hydro facility unless the  
24 facility has an electric generating capacity of not more than  
25 80 megawatts. This exemption is eliminated in section 34.

26 Section 34 also provides that an electric utility shall not  
27 be required to purchase at any one time more than 15 megawatts  
28 of power from alternate energy production facilities.

29 Section 37 lowers the threshold requirement for filing an  
30 application for an electric power generating plant from 100  
31 megawatts to 20 megawatts. However, if the utilities board  
32 determines that the public interest would not be adversely  
33 affected, the board may waive any of the requirements of  
34 chapter 476A for facilities with a capacity of 100 megawatts  
35 or less.

1 Section 40 requires public utility applicants to  
2 demonstrate to the utilities board that the utility has  
3 considered sources for long-term electric supply from either  
4 purchase of electricity or investment in facilities owned by  
5 other persons. Currently this requirement is in section  
6 476A.15 and only requires consideration of purchases of  
7 electricity or investment in facilities owned by other  
8 utilities.

9 This bill may include a state mandate as defined in section  
10 25B.3.

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## SENATE FILE 2403

AN ACT  
RELATING TO ENERGY EFFICIENCY.

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

Section 1. Section 8.23, Code 1989, is amended to read as follows:

## 8.23 ANNUAL DEPARTMENTAL ESTIMATES.

On or before September 1, next prior to each legislative session, all departments and establishments of the government shall transmit to the director, on blanks to be furnished by the director, estimates of their expenditure requirements, including every proposed expenditure, for the ensuing fiscal year, classified so as to distinguish between expenditures estimated for administration, operation, and maintenance, and the cost of each project involving the purchase of land or the making of a public improvement or capital outlay of a permanent character, together with supporting data and explanations as called for by the director. The budget estimates shall include for those agencies which pay for energy directly a line item for energy expenses itemized by type of energy and location. The estimates of expenditure requirements shall be based upon seventy-five percent of the funding provided for the current fiscal year accounted for by program and the remainder of the estimate of expenditure requirements prioritized by program. The estimates shall be accompanied with performance measures for evaluating the effectiveness of the program. If a department or establishment fails to submit estimates within the time specified, the governor shall cause estimates to be prepared for that department or establishment as in the governor's opinion are reasonable and proper. The director shall furnish standard budget request forms to each department or agency of

state government.

Sec. 2. Section 15.109, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 3. At the time the department approves assistance for an applicant, provides the person with information regarding the nature and source of other technical assistance available in the state to assist the applicant on design and management matters concerning energy efficiency and waste reduction. The department shall review the extent to which recommendations made to grantees are in fact implemented by the grantees.

Sec. 3. Section 18.115, subsection 4, unnumbered paragraph 2, Code Supplement 1989, is amended to read as follows:

In conjunction with the requirements of section 18.3, subsection 1, effective January 1, 1990 1991, the state vehicle dispatcher, and any other state agency or local governmental political subdivision purchasing new motor vehicles for other than law enforcement purposes, shall each year purchase new passenger automobiles vehicles and light trucks such that the average fuel efficiency for the fleet of new passenger automobiles vehicles and light trucks purchased in that year by the state vehicle dispatcher is-not-less-than two-miles-per-gallon-under or other state agency or local governmental political subdivision equals or exceeds the average fuel economy standard for the automobiles' vehicles' model year as established by the United States secretary of transportation under 15 U.S.C. § 2002. This paragraph does not apply to automobiles vehicles purchased for any of the following: law enforcement purposes; school buses; off-road maintenance work; or work vehicles used to pull loaded trailers. The group of comparable automobiles vehicles within the total fleet purchased by the state vehicle dispatcher, or any other state agency or local governmental political subdivision purchasing motor vehicles for other than law enforcement purposes, shall have an average fuel efficiency



rating not-less-than-two-miles-per-gallon-under equal to or exceeding the average fuel economy rating for that model year for that class of comparable automobiles vehicles as defined in 40 C.F.R. § 315-92. As used in this paragraph, "fuel economy" means the average number of miles traveled by an automobile per gallon of gasoline consumed as determined by the United States environmental protection agency administrator in accordance with 26 U.S.C. § 4064(c). For purposes of this paragraph, "state agency" includes, but is not limited to, a community college or an institution under the control of the state board of regents.

Sec. 4. Section 18.115, subsection 4, Code Supplement 1989, is amended by adding the following new paragraphs:

a. Effective January 1, 1993, the state vehicle dispatcher, after consultation with the department of management and the various state agencies exempted from obtaining vehicles for use through the state vehicle dispatcher, shall adopt by rule pursuant to chapter 17A, a system of uniform standards for assigning vehicles available for use to maximize the average passenger miles per gallon of motor vehicle fuel consumed. The standards should consider the number of passengers traveling to a destination, the fuel economy of and passenger capacity of vehicles available for assignment, and any other relevant information, to assure assignment of the most energy efficient vehicle or combination of vehicles for a trip from those vehicles available for assignment. The standards adopted by the state vehicle dispatcher shall not apply to special work vehicles, and law enforcement vehicles. The rules when adopted shall apply to the following agencies:

- (1) State vehicle dispatcher.
- (2) State department of transportation.
- (3) Institutions under the control of the state board of regents.
- (4) The department for the blind.

(5) Any other state agency exempted from obtaining vehicles for use through the state vehicle dispatcher.

b. As used in paragraph "a", "fuel economy" means the average number of miles traveled by an automobile per gallon of gasoline consumed as determined by the United States environmental protection agency administrator in accordance with 26 U.S.C. § 4064(c).

Sec. 5. NEW SECTION. 72.5 LIFE CYCLE COST.

1. A contract for a public improvement or construction of a public building, including new construction or renovation of an existing public building, by the state, or an agency or political subdivision of the state, shall not be let without satisfying the following requirements:

a. A design professional submitting a design development proposal for consideration of the public body shall at minimum prepare one proposal meeting the design program's space and use requirements which reflects the lowest life cycle cost possible in light of existing commercially available technology.

b. Submission of a cost benefit analysis of any deviations from the lowest life cycle cost proposal contained in other design proposals requested by or prepared for submission to the public body.

The public body may request additional design proposals in light of funds available for construction, aesthetic considerations, or any other reason.

This subsection applies for all design development proposals requested on or after January 1, 1991.

2. In connection with development of a statewide building energy efficiency rating system, pursuant to section 93.40, the director of the department of natural resources in consultation with the department of management, state building code director, and state fire marshal, shall develop standards and methods to evaluate design development documents and construction documents based upon the energy efficiency rating

system for public buildings, and other life cycle cost factors, to facilitate fair and uniform comparisons between design proposals and informed decision making by public bodies.

3. The department of management shall develop a proposal for submission to the general assembly on or before January 10, 1991, to create a division within the department of management to evaluate life cycle costs on design proposals submitted on public improvement and construction contracts for agencies and political subdivisions of the state, to assure uniform comparisons and professional evaluations of design proposals by an independent agency. The report shall also address potential redundancy and conflicts within existing state law regarding life cycle cost analysis and recommend the resolution of any problems which are identified.

4. It is the intent of the general assembly to discourage construction of public buildings based upon lowest acquisition cost, and instead to require that such decisions be based upon life cycle costs to reduce energy consumption, maintenance requirements, and continuing burdens upon taxpayers.

Sec. 6. NEW SECTION. 93.3 ENERGY EFFICIENCY GOAL.

The goal of this state is to more efficiently utilize energy resources, especially those that are nonrenewable or that have negative environmental impacts, in order to enhance the economy of the state and to decrease the state's dependence on energy resources from outside the state by reducing the amount of energy used. This goal is to be implemented through the development of programs that promote energy efficiency and energy conservation by all Iowans, through the development and enhancement of an energy efficiency industry, through the development of indigenous energy resources that are economically and environmentally viable, and through the development and implementation of effective public information and education programs.

State government shall be a model and testing ground for the use of energy efficiency systems.

Sec. 7. Section 93.7, subsection 1, unnumbered paragraph 2, Code Supplement 1989, is amended to read as follows:

The department shall develop the plan with the assistance of, and in consultation with, representatives of the energy industry, economic interests, the public, and other interested parties. The department shall submit a report to the general assembly concerning the status and implementation of the plan on a biennial basis. The biennial update shall contain an evaluation of all state energy programs including expected versus actual benefits and forecasts of future energy demand in Iowa.

Sec. 8. Section 93.7, subsection 4, unnumbered paragraph 1, Code Supplement 1989, is amended to read as follows:

Establish a central depository within the state for energy data. The central depository shall be located at or accessible through a library which is a member of an interlibrary loan program to facilitate access to the data and information contained in the central depository. The department shall collect data necessary to forecast future energy demands in the state. The department may require a supplier to provide information pertaining to the supply, storage, distribution and sale of energy sources in this state. The information shall be furnished on a periodic basis, shall be of a nature which directly relates to the supply, storage, distribution and sale of energy sources, and shall not include any records, documents, books or other data which relate to the financial position of the supplier. Provided the department, prior to requiring any supplier to furnish it with such information, shall make every reasonable effort to determine if the same is available from any other governmental source. If it finds such information is available, the department shall not require submission of the same from a supplier. Notwithstanding the provisions of

chapter 22, information and reports obtained under this section shall be confidential except when used for statistical purposes without identifying a specific supplier and when release of the information will not give an advantage to competitors and serves a public purpose. The department shall use this data to conduct energy forecasts which shall be included in the biennial update required by section 93.7, subsection 1.

Sec. 9. Section 93.7, subsection 5, Code Supplement 1989, is amended to read as follows:

5. Develop, recommend, and recommend implement with appropriate agencies public and professional education and communication programs in energy efficiency, energy conservation, and conversion to alternative sources of energy.

Sec. 10. Section 93.7, Code Supplement 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 15. Conduct a study on activities related to energy production and use which contribute to global climate change and the depletion of the stratospheric ozone layer. The study shall identify the types and relative contributions of these activities in Iowa. The department shall develop a strategy to reduce emissions from activities identified as having an adverse impact on the global climate and the stratospheric ozone layer. The department shall submit a report containing its findings and recommendations to the governor and general assembly by January 1, 1992.

Sec. 11. Section 93.13A, Code Supplement 1989, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The department shall not require a school district, area school, area education agency, city, or county to perform an engineering analysis if the school district, area education agency, city, or county demonstrates to the department that the facility which is the subject of the proposed engineering analysis at issue is unlikely to be in use or operation in six years by the governmental entity currently using or occupying the facility.

Sec. 12. Section 93.20, Code 1989, is amended by adding the following new unnumbered paragraphs:

NEW UNNUMBERED PARAGRAPH. A school district, area school, area education agency, city, or county shall design and construct the most energy cost-effective facilities feasible and shall use the financing made available by the department to cover the incremental costs above minimum building code energy efficiency standards of purchasing energy efficient devices and materials unless other lower cost financing is available. As used in this section, "facility" means a structure that is heated or cooled by a mechanical or electrical system, or any system of physical operation that consumes energy to carry out a process.

NEW UNNUMBERED PARAGRAPH. The department shall not require a school district, area school, area educational agency, city, or county to implement a specific energy conservation measure identified in a comprehensive engineering analysis if the political subdivision which prepared the analysis demonstrates to the department that the facility which is the subject of the energy conservation measure is unlikely to be used or operated for the full period of the expected payback of the energy conservation measure.

Sec. 13. NEW SECTION. 93.40 STATEWIDE BUILDING ENERGY EFFICIENCY RATING SYSTEM.

1. The director shall adopt rules, pursuant to chapter 17A, establishing a statewide building energy efficiency rating system. The rating system shall apply to all new and existing public, commercial, industrial, and residential buildings in the state and shall be established subject to the following schedule:

- a. Ratings for new residential buildings by July 1, 1992.
- b. Ratings for existing residential buildings by July 1, 1993.
- c. Ratings for new public buildings by July 1, 1994.
- d. Ratings for existing public buildings by July 1, 1995.

e. Ratings for new commercial and industrial buildings by July 1, 1995.

f. Ratings for existing commercial and industrial buildings by July 1, 1995.

The director shall adopt a minimum acceptable energy efficiency standard for each class of new buildings.

2. a. The energy efficiency rating shall be disclosed at the request of the prospective purchaser according to the terms of the offer to purchase.

b. The energy efficiency rating shall be disclosed to a prospective lessee whose rent does not include energy cost upon request.

c. The designer of a new residential or commercial building shall state in writing to the department that to the best of the person's knowledge, information, and belief, the new building design is in substantial compliance with the minimum energy efficiency standards established by rule of the department.

d. Concurrent with the disclosure of an energy efficiency rating pursuant to paragraphs "a" through "c", the prospective purchaser or lessee shall be provided with a copy of an information brochure prepared by the department which includes information relevant to that class of building, including, but not limited to:

(1) How to analyze the building's energy efficiency rating.

(2) Comparisons to statewide averages for new and existing construction of that class.

(3) Notice to the prospective purchaser that the seller must disclose a building's energy efficiency rating upon the prospective purchaser's request.

(4) Information concerning methods to improve a building's energy efficiency rating.

(5) A notice for residential buyers that qualifying income for mortgage loan purposes may be affected by the energy efficiency rating.

e. A new residential, commercial, or industrial building shall not be hooked up or connected to any provider of electricity, whether a regulated utility, rural electric cooperative, municipal utility, or otherwise; or natural gas, except liquid petroleum, unless the builder states in writing to the utility that to the best of the builder's knowledge, information, and belief, the building was built in accordance with the construction documents.

f. Each public building proposed for construction, renovation, or acquisition shall be rated pursuant to the energy efficiency rating system provided in subsection 1 prior to contracting for the construction, renovation, or acquisition. The public body proposing to contract for construction, renovation, or acquisition for a public building shall consider the energy efficiency ratings of alternatives when contracting.

3. The energy efficiency rating system adopted by the department shall provide a means of analyzing and comparing the relative energy efficiency of buildings upon sale or lease of new or existing residential, commercial, or industrial buildings. The system shall provide for rating each public building in existence to assist public officials in decision making with regard to capital improvements and public energy costs.

4. The director shall establish a voluntary working group of persons and interest groups interested in the energy efficiency rating system or energy efficiency, including, but not limited to such persons as electrical engineers, mechanical engineers, architects, and builders. The interest group shall advise the department in the development of the energy efficiency rating system and shall assist the department in implementation of the rating system by coordinating education programs for designers, builders, businesses, and other interested persons to assist compliance and to facilitate incorporation of the rating system into

existing practices. The intent of the general assembly is to encourage the consideration of the energy efficiency rating system in the market, so as to provide market rewards for energy efficient buildings and those designing, building, or selling energy efficient buildings.

5. All public buildings shall be analyzed for energy efficiency using this rating system by July 1, 1996. The results of that analysis shall be submitted to the department by August 1, 1996. The department shall submit a report to the governor and general assembly by January 15, 1997, that analyzes the results of this evaluation of public buildings and includes recommendations. The results of the analysis of each building shall be submitted to the public agency or governmental subdivision which owns or operates that building as well.

6. The director shall make available energy efficiency practices information to be used by individuals involved in the design, construction, retrofitting, and maintenance of buildings for state and local governments.

7. For purposes of this section and section 93.41:

a. "Builder" means the prime contractor that hires and coordinates building subcontractors or if there is no prime, the contractor that completes more than fifty percent of the total construction work performed on the building. Construction work includes, but is not limited to, foundation, framing, wiring, plumbing, and finishing work.

b. "Designer" means the architect, engineer, landscape architect, builder, interior designer or other person who performs the actual design work or if under whose direct supervision and responsible charge the construction documents are prepared.

c. "Public building" means a building owned or operated by the state, a state agency, or a governmental subdivision, including but not limited to a city, county, or school district.

8. The director may report an architect, professional engineer, or landscape architect to the appropriate examining board if the director believes the person has engaged in fraudulent conduct in connection with an energy efficiency rating for a building. The director may report a builder to the division of labor, bureau of contractor registration, if the director believes the builder has engaged in fraudulent conduct in connection with an energy efficiency rating for a building.

Sec. 14. Section 214A.2, subsection 3, Code Supplement 1989, is amended by striking the subsection and inserting in lieu thereof the following:

3. a. Gasoline with a mixture of ten percent or more ethanol, but not more than thirteen percent, shall be known as gasohol.

b. Gasoline with a mixture of more than thirteen percent ethanol, but not more than twenty-five percent, shall be known as high blend ethanol. For purposes of chapters 323A, 324, and 422, high blend ethanol shall be treated as gasohol.

c. Gasoline shall not contain a mixture of more than twenty-five percent ethanol.

Sec. 15. NEW SECTION. 214A.19 DEMONSTRATION GRANTS AUTHORIZED.

1. The department of natural resources, conditioned upon the availability of funds, is authorized to award demonstration grants to persons who purchase vehicles which operate on alternative fuels, including but not limited to, high blend ethanol, compressed natural gas, electricity, solar energy, or hydrogen. A grant shall be for the purpose of conducting research connected with the fuel or the vehicle, and not for the purchase of the vehicle itself, except that the money may be used for the purchase of the vehicle if all of the following conditions are satisfied:

- a. The department retains the title to the vehicle.
- b. The vehicle is used for continuing research.

c. If the vehicle is sold or when the research related to the vehicle is completed, the proceeds of the sale of the vehicle shall be used for additional research.

2. The governor shall seek the cooperation of the governors of other states willing to cooperate to establish an alternative fuels consortium. The purposes of the consortium may include, but are not limited to, coordinating the research, production, and marketing of alternative fuels within the participating states. The consortium may also coordinate presentation of consortium policy on alternative fuels to automakers and federal regulatory authorities.

Sec. 16. Section 258A.2, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. The state board of engineering and land surveyors, the board of architectural examiners, the board of landscape architectural examiners, and the department of natural resources shall cooperate with each other and with persons who typically offer continuing education courses for design professionals to make available energy efficiency related continuing education courses, and to encourage interdisciplinary cooperation and education concerning available energy efficiency strategies for employment in the state's construction industry.

Sec. 17. NEW SECTION. 266.39C THE IOWA ENERGY CENTER.

1. The Iowa energy center is established at Iowa state university of science and technology. The center shall strive to increase energy efficiency in all areas of Iowa energy use. The center shall serve as a model for state efforts to decrease dependence on imported fuels and to decrease reliance on energy production from nonrenewable, resource-depleting fuels. The center shall conduct and sponsor research on energy efficiency and conservation that will improve the environmental, social, and economic well-being of Iowans, minimize the environmental impact of existing energy production and consumption, and reduce the need to add new power plants.

The center shall assist Iowans in assessing technology related to energy efficiency and alternative energy production systems and shall support educational and demonstration programs that encourage implementation of energy efficiency and alternative energy production systems.

The center shall also conduct and sponsor research to develop alternative energy systems that are based upon renewable sources and that will reduce the negative environmental and economic impact of energy production systems.

2. An advisory council is established consisting of the following members:

- a. One person from Iowa state university of science and technology, appointed by its president.
- b. One person from the university of Iowa, appointed by its president.
- c. One person from the university of northern Iowa, appointed by its president.
- d. One representative of private colleges and universities within the state, to be nominated by the Iowa association of independent colleges and universities, and appointed by the Iowa coordinating council for post-high school education.
- e. One representative of community colleges, appointed by the state board for community colleges.
- f. One representative of the energy and geological resources division of the department of natural resources, appointed by the director.
- g. One representative of the state department of transportation, appointed by the director.
- h. One representative of the office of consumer advocate, appointed by the consumer advocate.
- i. One representative of the utilities board, appointed by the utilities board.
- j. One representative of the rural electric cooperatives, appointed by the governing body of the Iowa association of electric cooperatives.

k. One representative of municipal utilities, appointed by the governing body of the Iowa association of municipal utilities.

l. Two representatives from investor-owned utilities, one representing gas utilities, appointed by the Iowa utility association, and one representing electric utilities, appointed by the Iowa utility association.

The terms of the members shall begin and end as provided in section 69.19 and any vacancy shall be filled by the original appointing authority. The terms shall be for four years and shall be staggered as determined by the president of Iowa state university of science and technology.

3. Iowa state university of science and technology shall employ a director for the center, who shall be appointed by the president of Iowa state university of science and technology. The director of the center shall employ necessary research and support staff. The director and staff shall be employees of Iowa state university of science and technology. No more than five hundred thousand dollars of the funds made available by appropriation from state revenues in any one year shall be expended by the center for the salaries and benefits of the employees of the center, including the salary and benefits of the director. The remainder of the funds appropriated from state funds shall be used to sponsor research grants and projects submitted on a competitive basis by Iowa colleges and universities and private nonprofit agencies and foundations. The center may also solicit additional grants and funding from public and private nonprofit agencies and foundations.

The director shall prepare an annual report.

4. The advisory council shall provide the president of Iowa state university of science and technology with a list of three candidates from which the director shall be selected. The council shall provide an additional list of three candidates if requested by the president. The council shall

advise the director in the development of a budget, on the policies and procedures of the center, in the funding of research grant proposals, and regarding program planning and review.

Sec. 18. Section 476.1, unnumbered paragraph 7, Code 1989, is amended to read as follows:

The jurisdiction of the board under this chapter shall include programs designed to promote the use of energy conservation 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. 19. Section 476.1A, Code Supplement 1989, is amended to read as follows:

476.1A APPLICABILITY OF AUTHORITY -- CERTAIN ELECTRIC UTILITIES.

Electric public utilities having less fewer than ten thousand customers and electric cooperative corporations and associations are not subject to the rate regulation authority of the board. Such utilities are subject to all other regulation and enforcement activities of the board, including:

1. Assessment of fees for the support of the division.
2. Safety and engineering standards for equipment, operations, and procedures.
3. Assigned area of service.
4. Pilot projects of the board.
5. Assessment of fees for the support of the Iowa energy center created in section 266.39C and the center for global warming established by the state board of regents.
6. Filing energy efficiency plans and energy efficiency results with the board. The board may permit these utilities to file joint plans.

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

1. Gas public utilities having less fewer than two thousand customers are not subject to the regulation authority of the utilities board under this chapter unless otherwise specifically provided. Sections 476.10, 476.20, 476.21, and 476.51 apply to such gas utilities.

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 created by the state board of regents and shall file energy efficiency plans and energy efficiency results with the board. 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.

Gas public utilities having less fewer than two thousand customers shall keep books, accounts, papers and records accurately and faithfully in the manner and form prescribed by the board. The board may inspect the accounts of the utility at any time.

A gas public utility having less fewer than two thousand customers may make effective a new or changed rate, charge, schedule, or regulation after giving written notice of the proposed new or changed rate, charge, schedule, or regulation to all affected customers served by the public utility. The notice shall inform the customers of their right to petition for a review of the proposal to the utilities board within sixty days after notice is served if the petition contains the signatures of at least one hundred of the gas utility's customers. The notice shall state the address of the utilities board. The new or changed rate, charge, schedule, or regulation takes effect sixty days after such valid notice is served unless a petition for review of the new or changed rate, charge, schedule, or regulation signed by at least one hundred of the gas utility's customers is filed with the board prior to the expiration of the sixty-day period.

If such a valid petition is filed with the board within the sixty-day period, any new or changed rate, charge, schedule, or regulation shall take effect, under bond or corporate undertaking, subject to refund of all amounts collected in excess of those amounts which would have been collected under the rates or charges finally approved by the board. The board shall within five months of the date of filing make a determination of just and reasonable rates based on a review of the proposal, applying established regulatory principles. The board may call upon the gas public utility and its customers to furnish factual evidence in support of or opposition to the new or changed rate, charge, schedule, or regulation. If the gas public utility disputes the finding, the utility may within twenty days file for further review, and the board shall docket the case as a formal proceeding under section 476.6, subsection 7, and set the case for hearing. The gas public utility shall submit factual evidence and written argument in support of the filing.

A gas public utility having less fewer than two thousand customers shall not make effective a new or changed rate, charge, schedule, or regulation which relates to services for which a rate change is pending within twelve months following the date the petition to review the prior proposed rate, charge, schedule, or regulation was filed with the board or until the board has made its determination of just and reasonable rates, whichever date is earlier, unless the utility applies to the board for authority and receives authority to make a subsequent rate change at an earlier date.

Gas public utilities having less fewer than two thousand customers shall not make or grant any unreasonable preferences or advantages as to rates or services to any person or subject any person to any unreasonable prejudice or disadvantage. Rates charged by a gas public utility having less than two thousand customers for transportation of customer-owned gas shall not exceed the actual cost of such transportation services including a fair rate of return.



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

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

Electric cooperative corporations and associations and electric public utilities exempt from rate regulation under this section shall not make or grant any unreasonable preferences or advantages as to rates or services to any person or subject any person to any unreasonable prejudice or disadvantage.

The board of directors or the membership of an electric cooperative corporation or association otherwise exempt from rate regulation may elect to have the cooperative's rates regulated by the board. The board shall adopt rules prescribing the manner in which the board of directors or the membership of an electric cooperative may so elect. If the board of directors or the membership of an electric cooperative has elected to have the cooperative's rates regulated by the board, after two years have elapsed from the effective date of such election the membership of the electric cooperative may elect to exempt the cooperative from the rate regulation authority of the board.

Sec. 20. Section 476.1B, Code Supplement 1989, is amended to read as follows:

**476.1B APPLICABILITY OF AUTHORITY -- MUNICIPALLY OWNED UTILITIES.**

1. Unless otherwise specifically provided by statute, a municipally owned utility is not subject to regulation by the board under this chapter, except for regulatory action pertaining to:

- a. Assessment of fees for the support of the division and the office of consumer advocate, as set forth in section 476.10.
- b. Safety standards.

c. Assigned areas of service, as set forth in sections 476.22 through 476.26.

d. Enforcement of civil penalties pursuant to section 476.51.

e. Disconnection of service, as set forth in section 476.20.

f. Discrimination against users of renewable energy resources, as set forth in section 476.21.

g. Encouragement of alternate energy production facilities, as set forth in sections 476.41 through 476.45.

h. Enforcement of section 476.56.

i. Enforcement of section 476.66.

j. Enforcement of section 476.62.

~~2. --Municipally-owned-utilities-shall-be-required-to-adhere to-the-requirements-of-the-following-sections-of-the-Code-but all-rules-and-regulations-to-enforce-these-sections-shall-be with-each-local-municipal-utility's-governing-board.--The board-has-no-authority-concerning-these-sections-as-they-apply to-municipal-utilities:~~

~~a. --Peak-load-management-techniques-as-set-forth-in section-476.17;~~

~~b. --Promulgation-of-rules-concerning-the-use-of-energy conservation-strategies-as-set-forth-in-section-476.2;~~

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

~~1. Filing energy efficiency plans and energy efficiency results with the board. The board may permit these utilities to file joint plans.~~

~~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.~~

Sec. 21. Section 476.1C, subsection 1, Code 1989, is amended to read as follows:

Sec. 22. Section 476.2, Code 1989, is amended to read as follows:

476.2 POWERS -- RULES.

1. The board shall have broad general powers to effect the purposes of this chapter notwithstanding the fact that certain specific powers are hereinafter set forth. The board shall have authority to issue subpoenas and to pay the same fees and mileage as are payable to witnesses in the courts of record of general jurisdiction and shall establish all needful, just and reasonable rules, not inconsistent with law, to govern the exercise of its powers and duties, the practice and procedure before it, and to govern the form, contents and filing of reports, documents and other papers provided for in this chapter or in the board's rules. In the establishment, amendment, alteration or repeal of any of such rules, the board shall be subject to the provisions of chapter 17A.

2. The board shall employ at rates of compensation consistent with current standards in industry such professionally trained engineers, accountants, attorneys, and skilled examiners and inspectors, secretaries, clerks, and other employees as it may find necessary for the full and efficient discharge of its duties and responsibilities as required by this chapter.

3. The board is hereby authorized and empowered to intervene in any proceedings before the federal power commission or any other federal or state regulatory body when it finds that any decision of such tribunal would adversely affect the costs of any public utility service within the state of Iowa.

4. The board shall have authority to inquire into the management of the business of all public utilities, and shall keep itself informed as to the manner and method in which the same is conducted, and may obtain from any public utility all necessary information to enable the board to perform its duties.

~~The board shall promulgate rules concerning the use of energy conservation strategies by rate or service regulated gas and electric utilities by July 1, 1981. The board may prescribe appropriate rates for any approved energy conservation program. Nothing in this paragraph subjects the rates of municipal utilities to the regulatory authority of the board.~~

5. The board shall provide to the governor and the general assembly on or before December 1, 1992, a report on the level of intended energy efficiency activity of nonrate-regulated utilities based on the energy efficiency plans previously filed by the nonrate-regulated utilities. The report shall include any recommendations of the board for legislative action.

6. The board shall provide to the governor and general assembly on or before December 1, 1994, a report on the results of implementation of the energy efficiency plans filed with the board by nonrate-regulated utilities. The report shall include any recommendations of the board for legislative action.

7. The board shall notice rules concerning the filing requirements for energy efficiency plans by rate-regulated gas and electric utilities on or before October 1, 1990. Rate-regulated gas and electric utilities shall be required to file initial plans no later than four months after the effective date of the rules required by this subsection. The board shall also adopt rules concerning the filing requirements for energy efficiency plans by all other utilities.

Sec. 23. Section 476.6, subsection 15, unnumbered paragraph 3, Code Supplement 1989, is amended by striking the paragraph.

Sec. 24. Section 476.6, subsection 15, unnumbered paragraphs 5 and 6, Code Supplement 1989, are amended by striking the paragraphs.

Sec. 25. Section 476.6, subsection 16, unnumbered paragraph 2, Code Supplement 1989, is amended by striking the paragraph.

Sec. 26. Section 476.6, subsection 17, Code Supplement 1989, is amended to read as follows:

17. **COMPREHENSIVE ENERGY MANAGEMENT REQUIRED FOR ELECTRIC UTILITIES.** An electric utility shall not have an increased revenue requirement finally approved under this section in any application for increased rates filed on or after January 1, 1992, unless the utilities board finds that the electric utility has in effect a comprehensive energy management program which meets the primary objectives of section 476A.6, subsection 4.

Sec. 27. Section 476.6, Code Supplement 1989, is amended by adding the following new subsections:

**NEW SUBSECTION. 19. ENERGY EFFICIENCY IMPLEMENTATION, COST REVIEW, AND COST RECOVERY.**

a. The board shall conduct contested case proceedings for review of energy efficiency plans and budgets filed by rate-regulated gas or electric utilities. 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 rate-regulated gas or electric public utility, 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.

b. An energy efficiency plan and budget shall be designed to expend annually, at a minimum, the following designated percentage of the gas and electric rate-regulated utility's gross operating revenues during the previous calendar year derived from intrastate public utility operations:

- (1) For electric rate-regulated utilities, two percent.
- (2) For gas rate-regulated utilities, one and one-half percent.

A rate-regulated electric utility or rate-regulated gas utility shall have the designated expenditure requirement included in its energy efficiency plan and budget on or before January 1, 1992. The board may waive the spending requirement for an individual utility if the board determines after the contested case proceeding in section 476.6, subsection 19, paragraph "a", that the expenditure level of the energy efficiency programs included in the utility's approved energy efficiency plan is less than the spending requirement.

Energy efficiency expenditures incurred on or after July 1, 1990, may be included in a utility's initial energy efficiency plan and budget submitted pursuant to paragraph "a".

c. A rate-regulated utility shall submit for consideration in its energy efficiency plan, at a minimum, the following programs, where relevant to the utility's services:

- (1) A hot water heater insulation blanket distribution program.
- (2) A commercial lighting program.
- (3) A rebate, coupon, or other program for purchases of goods, including but not limited to light bulbs, which contribute to energy efficiency.

(4) A tree planting program to moderate the physical environment and to consume atmospheric carbon dioxide resulting from burning fossil fuels within the state for energy; provided, however, that the tree planting program is not required to itself be energy efficient or cost effective.

Every public utility is required to furnish reasonably adequate service and facilities. "Reasonably adequate service and facilities" for public utilities furnishing gas or electricity includes programs for customers to encourage the use of energy conservation efficiency and renewable energy sources. The charge made by any public utility for any heat, light, gas, energy conservation efficiency and renewable energy programs, water or power produced, transmitted, delivered or furnished, or communications services, or for any service rendered or to be rendered in connection therewith shall be reasonable and just, and every unjust or unreasonable charge for such service is prohibited and declared unlawful. In determining reasonable and just rates, the board shall consider all factors relating to value and shall not be bound by rate base decisions or rulings made prior to the adoption of this chapter.

Sec. 29. Section 476.10, unnumbered paragraph 4, Code Supplement 1989, is amended to read as follows:

Whenever the board shall deem it necessary in order to carry out the duties imposed upon it in connection with rate regulation under section 476.6, investigations under section 476.3, or review proceedings under section 476.31, the board may employ additional temporary or permanent staff, or may contract with persons who are not state employees for engineering, accounting, or other professional services, or both. The costs of these additional employees and contract services shall be paid by the public utility whose rates are being reviewed in the same manner as other expenses are paid under this section. The board shall increase quarterly assessments specified in unnumbered paragraph two, by amounts necessary to enable the board to hire additional staff and contract for services under this section. The authority to hire additional temporary or permanent staff that is granted to the board by this section shall not be subject to limitation by any administrative or executive order or

decision that restricts the number of state employees or the filling of employee vacancies, and shall not be subject to limitation by any law of this state that restricts the number of state employees or the filling of employee vacancies unless that law is made applicable to this section by express reference to this section. Before the board expends or encumbers an amount in excess of the funds budgeted for rate regulation and before the board increases quarterly assessments pursuant to this paragraph, the director of the department of management shall approve the expenditure or encumbrance. Before approval is given, the director of the department of management shall determine that the expenses exceed the funds budgeted by the general assembly to the board for rate regulation and that the board does not have other funds from which the expenses can be paid. Upon approval of the director of the department of management the board may expend and encumber funds for the excess expenses, and increase quarterly assessments to raise the additional funds. The board and the office of consumer advocate may add additional personnel or contract for additional assistance to review and evaluate energy efficiency plans and the implementation of energy efficiency programs including, but not limited to, professionally trained engineers, accountants, attorneys, skilled examiners and inspectors, and secretaries and clerks. The board and the office of the consumer advocate may expend additional sums beyond those sums appropriated. However, the authority to add additional personnel or contract for additional assistance must first be approved by the department of management. The additional sums shall be provided to the board and the office of the consumer advocate by the utilities subject to the energy efficiency requirements in this chapter. The assessments shall be in addition to and separate from the quarterly assessment.

Sec. 30. NEW SECTION. 476.10A PUNDING FOR IOWA ENERGY CENTER AND GLOBAL WARKING CENTER.

(5) 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.

Each of these programs, except the tree planting program contained in subparagraph (4), shall be approved as part of the utility's plan only if the board determines the program to be cost effective for that utility.

d. The board may periodically conduct a contested case proceeding to evaluate the reasonableness and prudence of a gas or electric rate-regulated public utility's implementation of the utility's approved energy efficiency plan and budget and provide for the recovery of expenditures and related costs of the provision of energy efficiency projects. Notice to customers shall be in a manner prescribed by the board; provided, however, that the board shall not allow energy efficiency to be represented in customer billings as a separate cost or expense. The board shall consider the cost effectiveness of the projects and shall allow the utility to recover the reasonable expenditures and related costs of the projects determined to be cost effective. A utility shall also recover the reasonable expenditures and related costs of an energy efficiency project which is not cost-effective if the board determines the utility was prudent and reasonable in the planning and implementation of the energy efficiency project. The board may treat the expenditures and related costs incurred by a utility pursuant to the utility's approved energy efficiency plan and budget as capital items for ratemaking purposes. Recovery pursuant to this paragraph shall not be allowed until eighteen months after the board's final order in the initial contested case to review a utility's proposed energy efficiency plan and budget pursuant to paragraph "a".

e. In addition to the expenditures and related costs collected pursuant to section 476.6, subsection 19, paragraph

"d", if the board determines sufficient justification exists for assessing a reward or penalty on the utility for its performance regarding energy efficiency, the board may allow the utility to collect an amount as a reward or may require an amount to be deducted from the recovery of expenditures and related costs as a penalty. The rewards and penalties of this paragraph shall be in addition to the provisions of section 476.52.

f. The legislative council shall consider the appointment of a legislative interim study committee in 1996 to review the success or failure of the substantive and procedural provisions for energy efficiency cost recovery contained in this section. The interim study committee, if appointed, shall make recommendations to the general assembly on any required changes due to the experience gained from the previous two biennial energy efficiency plan and budget cycles.

NEW SUBSECTION. 20. FILING OF FORECASTS.

The board shall periodically require each rate-regulated gas or electric public utility to file a forecast of future gas requirements or electric generating needs and the board shall evaluate the forecast. The forecast shall include, but is not limited to, a forecast of the requirements of its customers, its anticipated sources of supply, and its anticipated means of addressing the forecasted gas requirements or electric generating needs.

NEW SUBSECTION. 21. ENERGY EFFICIENCY PROGRAM FINANCING.

The board may require each rate-regulated gas or electric public utility to offer qualified customers the opportunity to enter into an agreement for the amount of moneys reasonably necessary to finance cost-effective energy efficiency improvements to the qualified customers' residential dwellings or businesses.

Sec. 28. Section 476.8, unnumbered paragraph 1, Code 1989, is amended to read as follows:

a. --Has an electric generating capacity of not more than eighty megawatts;

b. --is owned or operated by an individual, firm, copartnership, corporation, company, association, joint-stock association, city, town, or county that:

(1) a. Is not primarily engaged in the business of producing or selling electricity, gas, or useful thermal energy other than electricity, gas, or useful thermal energy sold solely from alternate energy production facilities or small hydro facilities.

(2) b. Does not sell electricity, gas, or useful thermal energy to residential users other than the tenants or the owner or operator of the facility.

2. ~~The board shall not require an~~ An electric utility shall not be required to purchase or wheel electricity from a small hydro facility unless the facility has an electric generating capacity of not, at any one time, more than eighty fifteen megawatts of power from alternate energy production facilities.

Sec. 39. Section 476.63, Code Supplement 1989, is amended to read as follows:

476.63 ENERGY CONSERVATION-AND EFFICIENCY PROGRAMS.

The division shall consult with the energy and geological resources division of the department of natural resources in the development and implementation of public utility energy conservation and efficiency programs.

Sec. 40. Section 476.65, subsection 1, paragraph b, Code 1989, is amended to read as follows:

b. That the results of the audit are available to any person engaged in the business of making or providing energy conservation efficiency improvements or services who requests the information whether the request is made for the customer individually or the request is made for the customer as a class.

Sec. 41. Section 476A.1, subsection 1, Code 1989, is amended to read as follows:

1. "Facility" means any electric power generating plant or a combination of plants at a single site, owned by any person, with a total capacity of one hundred twenty-five megawatts of electricity or more and those associated transmission lines connecting the generating plant to either a power transmission system or an interconnected primary transmission system or both. Transmission lines subject to the provisions of this chapter shall not require a franchise under chapter 478.

Sec. 42. Section 476A.2, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 4. This chapter shall not apply to an electric power generating plant, or combination of plants at a single site, with a total capacity of more than twenty-five but less than one hundred megawatts of electricity if the owner or operator prior to January 1, 1990, has met all of the following conditions:

- a. Acquired a site for the facility.
- b. Publicly announced the intention to construct a facility at that site.
- c. Let contracts for major components of the facility.

Sec. 43. Section 476A.6, subsection 4, paragraph c, Code 1989, is amended to read as follows:

c. Establishment of cost-effective energy conservation efficiency and renewable energy services and programs.

Sec. 44. Section 476A.6, subsection 4, unnumbered paragraph 1, Code 1989, is amended to read as follows:

The applicant, if a public utility as defined in section 476.1, has in effect a comprehensive energy management program designed to reduce peak loads and to increase efficiency of use of energy by all classes of customers of the utility, and the facility in the application is necessary notwithstanding the existence of the comprehensive energy management program. As used in this subsection, a "comprehensive energy management program" includes at a minimum the following:

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 established by the state board of regents.

Sec. 31. Section 476.42, subsection 1, Code 1989, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. A facility which is a qualifying facility under 18 C.F.R. part 292, subpart B is not precluded from being an alternate energy production facility under this division.

Sec. 32. Section 476.42, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. "Next generating plant" means an electric utility's assumed next coal-fired base load electric generating plant, whether planned or not, based on current technology and undiscounted current cost.

Sec. 33. Section 476.42, subsection 3, Code 1989, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. A facility which is a qualifying facility under 18 C.F.R. part 292, subpart B is not precluded from being a small hydro facility under this division.

Sec. 34. Section 476.43, subsection 3, unnumbered paragraph 1, Code 1989, is amended by striking the unnumbered paragraph and inserting in lieu thereof the following:

The board may adopt individual utility or uniform statewide facility rates. The board shall consider the following factors in setting individual or uniform rates:

Sec. 35. Section 476.43, subsection 3, Code 1989, is amended by adding the following new paragraphs:

NEW PARAGRAPH. e. External factors, including but not limited to, environmental and economic factors.

NEW PARAGRAPH. f. Other relevant factors.

NEW PARAGRAPH. g. If the board adopts uniform statewide rates, the board shall use representative data in lieu of utility specific information in applying the factors listed in paragraphs "a" through "f".

Sec. 36. Section 476.43, subsection 4, Code 1989, is amended by striking the subsection.

Sec. 37. Section 476.43, subsection 5, Code 1989, is amended to read as follows:

5. In the case of a utility that purchases all or substantially all of its electricity requirements, the rates established under this section must be equal-to-the-current cost-to-the-electric-utility-of-similar-types-and-quantities-of-electrical-service based on the electric utility's current purchased power costs.

Sec. 38. Section 476.44, Code 1989, is amended to read as follows:

**476.44 EXCEPTIONS.**

1. The board shall not require an electric utility to purchase or wheel electricity from an alternate energy production facility or small hydro facility unless the facility meets all of the following conditions is owned or operated by an individual, firm, copartnership, corporation, company, association, joint stock association, city, town, or county that meets both of the following:

d. An evaluation of the need to conduct a trial program, for a six-month period at minimum, of a ramp metering system on at least one metropolitan interchange of the interstate highway system.

e. The preparation of model legislation or rules to encourage the creation and use of vanpools or carpools for commuters. Proposed legislation or rules may include, but are not limited to, an interest-free loan program for vanpools and other incentives for the formulation and operation of vanpools or carpools.

f. The preparation of a feasibility study of using bike and pedestrian ways for movement of people from residential areas to work centers as an alternative to motor vehicles.

g. An analysis of the costs of each possible solution which shall include environmental, health, and other costs or benefits which are not otherwise accounted for.

Sec. 50.

The state department of transportation shall, conditioned upon the availability of funds, compile an inventory of traffic signals and their use in the state. The inventory shall be detailed enough to allow consideration of the appropriateness of the signals and their operation following the most current policies both as identified by the institute of transportation engineers and identified in the manual on uniform traffic control devices for streets and highways by the federal highway administration. The assessment shall consider what improvements, if any, should be made to signals to improve energy efficiency, safety, and traffic service, and shall consider what signals, if any, should be eliminated. The department may identify and add other classes of or uses of traffic control devices to the inventory, and review the impact on energy usage, safety, and traffic service of specified classes of traffic control devices. The department shall recommend as part of the comprehensive report any changes needed in state statutes or policy to provide for the

improved management, control, and use of all traffic devices. The inventory with a summary report shall be submitted to the general assembly on or before January 31, 1992.

Sec. 51.

1. The state department of transportation, in consultation with the department of management and other appropriate public agencies, shall recommend projects including but not limited to projects to encourage additional public employees to carpool, vanpool, or use public transportation.

2. Funds repaid from state transit assistance loans pursuant to section 307.38 may be used as necessary to provide the incentives for the projects.

3. The state department of transportation, in consultation with the department of management, shall report the recommendations to the general assembly on or before January 1, 1991.

4. The report shall include the cost of providing parking spaces at representative locations owned or operated by state government, including the capitol complex.

5. The report shall recommend specific sources of funding for incentives and other related expenses for promotion and administration.

Sec. 52.

The department of management, in consultation with the department of natural resources, division of energy and geological resources, shall conduct an interest survey of state employees' interest in and willingness to use telecommuting. The survey shall especially target state employees whose primary duties and services are typically performed by phone or upon a computer, and who currently have access to a computer or other telecommunication equipment at work, but need not be limited to such employees. The results of the survey shall be presented to the general assembly on or before January 15, 1991.

Sec. 53.



Sec. 45. Section 476A.6, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. The applicant, if a public utility as defined in section 476.1, shall demonstrate to the board that the utility has considered sources for long-term electric supply from either purchase of electricity or investment in facilities owned by other persons.

Sec. 46. Section 476A.6, subsection 5, Code 1989, is amended to read as follows:

5. The applicant, if a public utility as defined in section 476.1, has considered all feasible alternatives to the proposed facility including nongeneration alternatives; has ranked those alternatives by cost; has implemented the least-cost alternatives first; and the facility in the application is necessary notwithstanding the implementation of these alternatives.

Sec. 47. Section 476A.15, Code 1989, is amended by striking the section and inserting in lieu thereof the following:

476A.15 WAIVER.

The board, if it determines that the public interest would not be adversely affected, may waive any of the requirements of this chapter for facilities with a capacity of one hundred or fewer megawatts.

Sec. 48.

The department of natural resources shall make recommendations to the general assembly on or before January 1, 1991, on whether Iowa should adopt appliance standards and the extent to which such state appliance standards are not preempted by federal law. As used in this section "appliance" includes, but is not limited to, air conditioners, space heaters, commercial lighting, cooling, and cooking devices, and refrigerators.

Sec. 49.

1. The state department of transportation, in consultation with units of local government, including representatives of cities of 200,000 or more population, cities of 50,000 or more but less than 200,000 population, and cities under 50,000 population, shall conduct, conditioned upon the availability of funds, a comprehensive study of the relationship between transportation planning, systems development, and management to urban and rural development, land use planning, and energy demand. The purpose of the study shall be to identify opportunities to improve the long-term energy efficiency of transportation, as well as to improve traffic safety and service. The results of the study shall be reported to the general assembly and shall contain recommended policies and legislation.

The department may use any appropriation or other funds available to it for the purpose of this study, may contract with one or more universities located within the state for assistance with the study, and may contract with consultants for assistance with the study as necessary. An interim report shall be made to the general assembly by January 31, 1991.

2. The study shall include where appropriate:

a. An energy demand and planning survey to determine the amounts of energy which is consumed for transportation related purposes.

b. An analysis of regional commuting patterns.

c. Development of alternatives to commuting by single occupant motor vehicles, including:

(1) A feasibility study for implementing light rail passenger service as an alternative to highway construction or expansion, including specifically providing commuter service on existing rail lines in the Cedar Rapids-Iowa City area and the Des Moines-Ames area.

(2) A feasibility study for implementing high occupancy vehicle (HOV) lanes during rush hours on urban controlled access freeways or interstate highways within metropolitan areas.

The department of natural resources shall make recommendations to reduce fuel costs and other expenses incurred by local school districts in both urban and rural areas to transport students. The recommendations may include methods or criteria for the bus scheduling and other strategies deemed economically feasible by the department.

Sec. 54.

The state board of education shall require driver education courses offered by schools under the board's jurisdiction to include instruction in the following additional subject areas:

1. Routine maintenance of motor vehicles to maximize energy efficiency and safety.
2. Operation of motor vehicles to maximize energy efficiency and safety.

Sec. 55.

The department of natural resources, subject to the availability of funds, shall contract with a qualified person or persons to offer a free car care clinic at least fourteen sites geographically distributed throughout the state. Each such clinic shall inspect vehicles of attendees and instruct owners and operators of motor vehicles in the maintenance of motor vehicles to maximize energy efficiency. Vehicle inspections conducted at the clinic may include minor adjustments, including, but not limited to, adjusting belt tensions or inflating tires. The department shall cooperate with appropriate vocational educational programs to utilize students skilled in the field to the extent possible. The administrator shall coordinate with local officials and vocational educational programs for each site the scheduling and promotion of the clinic.

Sec. 56.

The department of natural resources shall develop a proposal to phase in on a statewide basis, or on a multistate basis, automotive tailpipe emission standards as established by the state of California as of January 1, 1990. The

department shall submit the proposal to the general assembly on or before January 15, 1991.

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JO ANN ZIMMERMAN  
President of the Senate

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DONALD D. AVENSON  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2403, Seventy-third General Assembly.

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JOHN P. DWYER  
Secretary of the Senate

Approved \_\_\_\_\_, 1990

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TERRY E. BRANSTAD  
Governor