

Substituted by SF 2396
4-17-96

MAR 5 1996
Place On Calendar

P. 1716
HOUSE FILE **2447**
BY COMMITTEE ON COMMERCE AND
REGULATION

WITHDRAWN

4-18-96

(SUCCESSOR TO HSB 630)

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

A BILL FOR

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

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

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WITHDRAWN

HF 2447

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

3 The jurisdiction of the board under this chapter shall
4 include programs efforts designed to promote the use of energy
5 efficiency strategies by rate or service-regulated gas and
6 electric utilities. ~~These programs shall be cost-effective.~~
7 ~~The board may initiate these programs as pilot projects to~~
8 ~~accumulate sufficient data to determine if the programs meet~~
9 ~~the requirements of this paragraph.~~ Energy efficiency
10 strategies shall be designed to assure the lowering of overall
11 costs of energy investments within this state, to increase the
12 economic productivity of energy investments in this state, to
13 enhance employment retention and creation resulting from
14 energy investments within this state, and to reduce adverse
15 environmental impacts associated with energy production and
16 energy use within this state.

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

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

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

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

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

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

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

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

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

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

15 Sec. 6. Section 476.1C, subsection 1, unnumbered paragraph
16 2, Code 1995, is amended to read as follows:

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

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

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

33 17. ENERGY EFFICIENCY PLANS. Electric and gas public
34 utilities shall offer energy efficiency programs to their
35 customers through energy efficiency plans. An energy

1 efficiency plan as a whole shall be cost-effective. Energy
2 efficiency programs for qualified low-income persons and for
3 tree planting programs need not be cost-effective and shall
4 not be considered in determining cost-effectiveness of plans
5 as a whole. The energy efficiency programs in the plans may
6 be provided by the utility or by a contractor or agent of the
7 utility.

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

11 a. Rate-regulated gas and electric utilities shall file
12 energy efficiency plans with the board. An energy efficiency
13 plan and budget shall include a range of programs, tailored to
14 the needs of all customer classes, including residential,
15 commercial, and industrial customers, for energy efficiency
16 opportunities. The plans shall include programs for qualified
17 low-income persons.

18 b. An energy efficiency plan shall assess potential energy
19 and capacity savings available from actual and projected
20 customer usage by applying commercially available technology
21 and improved operating practices to energy-using equipment and
22 buildings. The plan shall include economically achievable
23 programs designed to attain these potential energy and
24 capacity savings.

25 c. The board shall conduct contested case proceedings for
26 review of energy efficiency plans and budgets filed by rate-
27 regulated gas or electric utilities. The board may approve,
28 reject, or modify the plans and budgets. Notwithstanding the
29 provisions of section 17A.19, subsection 5, in an application
30 for judicial review of the board's decision concerning a
31 utility's energy efficiency plan or budget, the reviewing
32 court shall not order a stay. Whenever a request to modify an
33 approved plan or budget is filed subsequently by the office of
34 consumer advocate or a rate-regulated gas or electric utility,
35 the board shall promptly initiate a formal proceeding if the

1 board determines that any reasonable ground exists for
2 investigating the request. The formal proceeding may be
3 initiated at any time by the board on its own motion.
4 Implementation of board approved plans or budgets shall be
5 considered continuous in nature and shall be subject to
6 investigation at any time by the board or the office of the
7 consumer advocate.

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

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

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

1 476.10A FUNDING FOR IOWA ENERGY CENTER AND GLOBAL-WARMING
2 CENTER FOR GLOBAL AND REGIONAL ENVIRONMENTAL RESEARCH.

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

20 Notwithstanding section 8.33, any unexpended moneys
21 remitted to the treasurer of state under this section shall be
22 retained for the purposes designated. Notwithstanding section
23 12C.7, subsection 2, interest or earnings on investments or
24 time deposits of the moneys remitted under this section shall
25 be retained and used for the purposes designated.

26 The Iowa energy center and the center for global and
27 regional environmental research shall each provide a written
28 annual report to the utilities board which describes each
29 center's activities and the results that each center has
30 accomplished. Each report shall include an explanation of
31 initiatives and projects of importance to the state of Iowa.

32 Sec. 11. Section 476.83, Code 1995, is amended by striking
33 the section and inserting in lieu thereof the following:

34 476.83 COMPLAINTS.

35 Any person may file a written complaint with the board

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

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

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

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

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

33 b. Establishment of renewable energy programs or purchase
34 of electricity from renewable energy suppliers.

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

EXPLANATION

1
2 This bill makes several changes regarding energy efficiency
3 programs and requirements. It changes "energy efficiency
4 programs" to "energy efficiency efforts", and requires that
5 the energy efficiency plans submitted by rural electric
6 cooperatives, municipal utilities, and certain gas utilities
7 be cost-effective, as a whole, except for low-income programs
8 and tree planting programs. The bill requires that energy
9 efficiency strategies be designed to enhance the economy of
10 the state and reduce adverse environmental impacts.

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

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

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

1 taking all reasonable actions to cost-effectively implement an
2 approved energy efficiency plan, the board will not allow the
3 recovery of costs in excess of those that would have been
4 incurred under reasonable and prudent implementation and
5 prohibits a utility from recovering future costs at a level
6 other than what the board determines to be reasonable and
7 prudent. If a contested case results in a judgment against a
8 utility, the utility's future level of cost recovery is
9 reduced by the amount by which the programs were found to be
10 imprudently conducted. The bill provides that a utility
11 cannot list energy efficiency as a separate cost or expense in
12 customer billings unless the board otherwise approves.

13 The bill requires the Iowa energy center and the center for
14 global and regional environmental research to provide an
15 annual report to the Iowa utilities board which describes
16 their operations and the results that have been accomplished.

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

28 The bill amends provisions relating to cross subsidization.

29 Finally, the bill repeals section 476.65 relating to energy
30 audits.

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HOUSE FILE 2447
FISCAL NOTE

A fiscal note for House File 2447 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.

House File 2447 makes several changes regarding energy efficiency programs and requirements. The Bill strikes the requirement utilities spend a specified percentage of gross operating revenues and instead requires rate-regulated gas and electric utilities file an energy efficiency plan and budget with the Iowa Utilities Board. The Bill allows gas or electric rate-regulated utilities to automatically adjust rates over the time of the approved plan to recover costs of the energy efficiency program.

ASSUMPTIONS

Fiscal Year 1996 estimated expenditures for review of energy efficiency plans and cost recovery were used as a baseline to estimate the fiscal effect of House File 2447.

FISCAL IMPACT

The estimated net effect on the State General Fund of HF 2447 would be zero.

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

SOURCE

Office of the Consumer Advocate

(LSB 425av, VMT)

FILED MARCH 6, 1996

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2447

H-5227

1 Amend House File 2447 as follows:
 2 1. Page 5, by inserting after line 31 the
 3 following:
 4 "Sec. ____ . Section 476.78, Code 1995, is amended
 5 to read as follows:
 6 476.78 CROSS-SUBSIDIZATION PROHIBITED.
 7 A rate-regulated gas or electric public utility
 8 shall not directly or indirectly include any costs or
 9 expenses attributable to providing nonutility service
 10 in regulated rates or charges. Except for current
 11 terms of existing contractual obligations as exempted
 12 by the board, the utility or its affiliates shall not,
 13 in providing nonutility services, in any manner use
 14 the utility's name or logo, or any property,
 15 equipment, or facilities included as part of the
 16 utility's rate base, or any employees, other than
 17 corporate officers, including those of the utility's
 18 affiliates, whose salaries or benefits or both are
 19 included to any extent as expenses recoverable in a
 20 rate case proceeding."
 21 2. Title page, line 2, by inserting after the
 22 word "mandates" the following: "and cross-
 23 subsidization".
 24 3. By renumbering as necessary.

4/17/96 O/O/Order 4/17/96 By NELSON of Pottawattamie
 FALLON of Polk
 H-5227 FILED MARCH 6, 1996

HOUSE FILE 2447

H-5332

1 Amend House File 2447 as follows:
 2 1. Page 3, line 11, by inserting after the word
 3 "utilities" the following: "shall implement energy
 4 efficiency plans so that each utility's annual
 5 capacity and energy production is reduced by an amount
 6 equivalent to at least one percent of each utility's
 7 annual peak demand and at least one percent of each
 8 utility's annual energy sales and".
 By SHOULTZ of Black Hawk HOLVECK of Polk
 MASCHER of Johnson DODERER of Johnson
 BURNETT of Story

H-5332 FILED MARCH 12, 1996

O/O/Order 4-17-96

HOUSE FILE 2447

H-5333

1 Amend House File 2447 as follows:
 2 1. Page 3, line 11, by inserting after the word
 3 "utilities" the following: "shall implement energy
 4 efficiency plans so that each utility's annual
 5 capacity and energy production is reduced by an amount
 6 equivalent to at least two percent of each utility's
 7 annual peak demand and at least two percent of each
 8 utility's annual energy sales and".
 By SHOULTZ of Black Hawk HOLVECK of Polk
 BURNETT of Story MASCHER of Johnson
 DODERER of Johnson

H-5333 FILED MARCH 12, 1996

O/O/Order 4/17/96

HOUSE FILE 2447

H-5334

- 1 Amend House File 2447 as follows:
 2 1. Page 3, line 18, by striking the words "An
 3 energy efficiency plan" and inserting the following:
 4 "The board".
 5 2. Page 3, line 22, by inserting after the word
 6 "The" the following: "board shall determine for each
 7 utility, specific capacity and energy savings
 8 performance standards based on the board's assessment.
 9 The energy efficiency".
 10 3. Page 3, line 24, by striking the word
 11 "savings" and inserting the following: "performance
 12 standards".

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

H-5334 FILED MARCH 12, 1996

o/o/orden 4/17/96

HOUSE FILE 2447

H-5335

- 1 Amend House File 2447 as follows:
 2 1. Page 6, by striking lines 12 through 23 and
 3 inserting the following:
 4 "Sec. ____ . Section 476A.6, subsection 5, Code
 5 1995, is amended by striking the subsection and
 6 inserting in lieu thereof the following:"

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

H-5335 FILED MARCH 12, 1996

o/o/orden 4/17/96

HOUSE FILE 2447

H-5342

- 1 Amend House File 2447 as follows:
 2 1. Page 3, line 17, by inserting after the word
 3 "persons" the following: "including a cooperative
 4 program with any community action agency within the
 5 utility's service area to implement countywide or
 6 communitywide energy efficiency programs for qualified
 7 low-income persons".

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

H-5342 FILED MARCH 12, 1996

o/o/orden 4/17/96

HOUSE FILE 2447

H-5345

- 1 Amend House File 2447 as follows:
 2 1. Page 3, by striking line 11 and inserting the
 3 following:
 4 "a. Gas and electric utilities required to be
 5 rate-regulated under this chapter shall file".
 6 2. Page 3, by striking lines 26 and 27 and
 7 inserting the following: "review of energy efficiency
 8 plans and budgets filed by gas and electric utilities
 9 required to be rate-regulated under this chapter. The
 10 board may approve,".
 11 3. Page 3, by striking line 34 and inserting the
 12 following: "consumer advocate or a gas or electric
 13 utility required to be rate-regulated under this
 14 chapter,".
 15 4. Page 4, by striking line 11 and inserting the
 16 following:
 17 "e. A gas or electric utility required to be rate-
 18 regulated under this chapter may".

By METCALF OF Polk

NUTT of Woodbury

THOMSON of Linn

TAYLOR of Linn

H-5345 FILED MARCH 12, 1996

O/O order 4/17/96

HOUSE FILE 2447

H-5357

- 1 Amend House File 2447 as follows:
 2 1. Page 3, line 1, by inserting after the word
 3 "cost-effective." the following: "For purposes of
 4 determining the cost-effectiveness of an energy
 5 efficiency plan pursuant to this subsection, any
 6 measure of cost-effectiveness shall be analytically
 7 derived in terms of reduction in the overall energy
 8 expenditures by aggregated energy-using sections of
 9 the state economy, and enhancement of direct
 10 disposable income, gross domestic product, and new job
 11 creation in comparison with those same measures
 12 applied to expenditures for conventional energy supply
 13 reserves that are displaced by the efficiency measure.
 14 These cost-effective indicators shall be analytically
 15 derived by multisector econometric analysis conducted
 16 by the utilities board. This analysis shall be
 17 revised annually to conform to improved methodologies
 18 and to incorporate improved input assumptions as
 19 experience is gained and new data becomes available.
 20 Energy efficiency plans containing programs designed
 21 to accelerate the market transformation of efficiency
 22 technologies shall be judged cost-effective on the
 23 basis of expected costs and benefits after attaining
 24 market acceptance."

By HOLVECK of Polk

MASCHER of Johnson

DODERER of Johnson

BURNETT of Story

SHOULTZ of Black Hawk

H-5357 FILED MARCH 12, 1996

O.O. order 4/17/96

HOUSE FILE 2447

H-5365

- 1 Amend House File 2447 as follows:
 2 1. Page 5, by inserting after line 31 the
 3 following:
 4 "Sec. ____ . Section 476.78, Code 1995, is amended
 5 to read as follows:
 6 476.78 CROSS-SUBSIDIZATION PROHIBITED.
 7 A rate-regulated gas or electric public utility
 8 shall not directly or indirectly include any costs or
 9 expenses attributable to providing nonutility service
 10 in regulated rates or charges. Except for current
 11 terms of existing contractual obligations as exempted
 12 by the board, the utility or its affiliates shall not,
 13 in providing nonutility services, in any manner use
 14 the utility's name or logo, or any property,
 15 equipment, or facilities included as part of the
 16 utility's rate base, or any employees, other than
 17 corporate officers, including those of the utility's
 18 affiliates, whose salaries or benefits or both are
 19 included to any extent as expenses recoverable in a
 20 rate case proceeding, unless the utility is providing
 21 a nonutility service in a community that does not have
 22 adequate provision of nonutility services. The board
 23 shall adopt rules to determine whether a community has
 24 adequate provision of nonutility services."
 25 2. Title page, line 2, by inserting after the
 26 word "mandates" the following: "and cross-
 27 subsidization".
 28 3. By renumbering as necessary.

By FALLON of Polk

H-5365 FILED MARCH 12, 1996

o/o/ordw 4-17-96

HOUSE FILE 2447

H-5397

- 1 Amend House File 2447 as follows:
 2 1. Page 3, line 17, by inserting after the word
 3 "persons." the following: "The plans shall be
 4 developed through a collaborative process which shall
 5 include all interested stakeholders."
 By BURNETT of Story MASCHER of Johnson
 BERNAU of Story WITT of Black Hawk
 HOLVECK of Polk

H-5397 FILED MARCH 13, 1996

o/o/ordw 4-17-96

HOUSE FILE 2447

H-5394

1 Amend House File 2447 as follows:

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

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

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

13 2. Page 5, by inserting after line 31 the
14 following:

15 "Sec. ____ . NEW SECTION. 476.10B INTERVENOR
16 COMPENSATION.

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

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

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

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

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

50 b. Comments or objections to the application shall

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

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

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

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

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

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

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Page 3

1 3. Title page, line 2, by inserting after the
2 word "mandates" the following: "and intervenor
3 compensation and tax credits".

4 4. By renumbering as necessary.

By WITT of Black Hawk

H-5394 FILED MARCH 13, 1996

O.O. Older 4-17-96

HOUSE FILE 2447

H-5413

1 Amend House File 2447 as follows:
2 1. Page 6, by inserting after line 35 the
3 following:
4 "Sec. ____ . INTERIM COMMITTEE. The legislative
5 council shall consider creating a legislative interim
6 committee to review the success or failure of the
7 substantive and procedural provisions for energy
8 efficiency cost recovery under chapter 476. The
9 committee shall make recommendations to the general
10 assembly on any required changes due to the experience
11 gained from the previous two biennial energy
12 efficiency plan and budget cycles."
By HOLVECK of Polk KLEMME of Plymouth
BERNAU of Story VANDE HOEFF of Osceola
SHOULTZ of Black Hawk

H-5413 FILED MARCH 14, 1996

O.O. order 4/17/96

HOUSE FILE 2447

H-5414

1 Amend House File 2447 as follows:
2 1. Page 3, line 1, by inserting after the word
3 "cost-effective." the following: "An energy
4 efficiency plan which passes the societal cost benefit
5 test using a discount rate reflecting the time value
6 of money to society is considered cost-effective."
By HOLVECK of Polk BURNETT of Story
WITT of Black Hawk BERNAU of Story
VANDE HOEF of Osceola

H-5414 FILED MARCH 14, 1996

O/O order 4/17/96

HOUSE FILE 2447

H-5415

1 Amend House File 2447 as follows:
2 1. Page 3, line 22, by inserting after the word
3 "buildings." the following: "The plan shall be
4 designed so that capacity savings reduce peak load in
5 order to delay or eliminate the need for future
6 electric generating units or purchase power contracts
7 or the imposition of future peak day natural gas
8 requirements."
9 2. Page 3, line 22, by inserting after the word
10 "buildings." the following: "The plan shall be
11 designed so that energy savings reduce electric or
12 natural gas energy consumption or reduce the growth in
13 such energy consumption."

By BERNAU of Story
BURNETT of Story

H-5415 FILED MARCH 14, 1996

O.O. order 4/17/96

HOUSE FILE 2447

H-5418

- 1 Amend House File 2447 as follows:
- 2 1. Page 4, by striking lines 17 through 21 and
- 3 inserting the following: "conducted pursuant to
- 4 paragraph "c". The board shall allow the cost
- 5 recovery of energy efficiency expenditures only to the
- 6 extent and in the magnitude that the expenditures
- 7 actually achieve capacity savings under paragraph "b".
- 8 If a utility is not taking all reasonable actions to".

By FALLON of Polk

H-5418 FILED MARCH 14, 1996

O.O. order 4-17-96

HOUSE FILE 2447

H-5405

- 1 Amend House File 2447 as follows:
- 2 1. Page 1, line 4, by striking the words
- 3 "programs efforts" and inserting the following:
- 4 "programs".
- 5 2. Page 1, by striking lines 27 through 33.
- 6 3. Page 2, by striking lines 9 through 14.
- 7 4. Page 2, by striking line 27 and inserting the
- 8 following: "efficiency programs."
- 9 5. By renumbering as necessary.

By WITT of Black Hawk

HOLVECK of Polk

VANDE HOEF of Osceola

KLEMME of Plymouth

HUSEMAN of Cherokee

H-5405 FILED MARCH 14, 1996

O.O.O 4/17/96

HOUSE FILE 2447

H-5406

- 1 Amend House File 2447 as follows:
- 2 1. Page 3, line 16, by inserting after the word
- 3 "opportunities." the following: "Interruptible rates
- 4 shall not qualify as energy efficiency efforts."

By WITT of Black Hawk

HOLVECK of Polk

VANDE HOEF of Osceola

KLEMME of Plymouth

HUSEMAN of Cherokee

H-5406 FILED MARCH 14, 1996

O/O/order 4-17-96

HOUSE FILE 2447

H-5424

- 1 Amend House File 2447 as follows:
- 2 1. Page 1, by striking lines 9 through 16 and
- 3 inserting the following: "~~the requirements of this~~
- 4 ~~paragraph.~~"

By NUTT of Woodbury

H-5424 FILED MARCH 18, 1996

O/O/order 4-17-96

HOUSE FILE 2447

H-5425

1 Amend House File 2447 as follows:

2 1. Page 4, by inserting after line 33 the
3 following:

4 "_____. Rate-regulated gas or electric utilities
5 shall utilize Iowa agencies and Iowa contractors to
6 the maximum extent cost effective in their energy
7 efficiency plans filed with the board.

8 _____ . Except for current contractual obligations, a
9 rate-regulated gas or electric public utility or its
10 affiliates shall not in providing sales and servicing
11 of residential gas or electric heating, ventilating,
12 or air conditioning systems use any property,
13 equipment, or facilities included as part of the
14 utility's rate base, or any employees, other than
15 corporate officers, whose salaries, benefits, or both
16 are included to any extent as expenses recoverable in
17 a rate proceeding. The public utility's name and logo
18 and the utility services referenced in section 476.80
19 may be used in marketing and furnishing these
20 services."

By NUTT of Woodbury
METCALF of Polk
BAKER of Polk

H-5425 FILED MARCH 18, 1996

O.O. Ordw
4-17-96

HOUSE FILE 2447

H-5483

1 Amend House File 2447 as follows:
2 1. Page 4, by inserting after line 33 the
3 following:
4 "____. Gas or electric utilities required to be
5 rate-regulated under this chapter shall utilize Iowa
6 agencies and Iowa contractors to the maximum extent
7 cost effective in their energy efficiency plans filed
8 with the board.
9 _____. Except for current contractual obligations, a
10 gas or electric public utility required to be rate-
11 regulated under this chapter, or its affiliates, shall
12 not, in providing sales and servicing of residential
13 gas or electric heating, ventilating, or air
14 conditioning systems, use any property, equipment, or
15 facilities included as part of the utility's rate
16 base, or any employees, other than corporate officers,
17 whose salaries, benefits, or both are included to any
18 extent as expenses recoverable in a rate proceeding.
19 The public utility's name and logo and the utility
20 services referenced in section 476.80 may be used in
21 marketing and furnishing these services."

By NUTT of Woodbury
METCALF of Polk
BAKER of Polk

H-5483 FILED MARCH 20, 1996

*O.O. Oden 4-17-96**p. 1716*

HOUSE FILE 2447

H-5524

1 Amend House File 2447 as follows:

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

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

7 28F.1 SCOPE OF CHAPTER.

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

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

44 28F.2 DEFINITIONS.

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

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

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

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

12 3. By renumbering as necessary.
 By VANDE HOEF of Osceola

H-5524 FILED MARCH 25, 1996

O.O.O. 4/17/96

HOUSE FILE 2447

H-5568

1 Amend House File 2447 as follows:

2 1. Page 6, by inserting after line 35 the
 3 following:

4 "Sec. ____ . RATE INCREASE MORATORIUM. The Iowa
 5 utilities board shall not approve a rate increase for
 6 a gas or electric utility subject to rate regulation
 7 under chapter 476, for at least one year from the date
 8 of the enactment of this Act."

9 2. By renumbering as necessary.

By WEIGEL of Chickasaw

H-5568 FILED MARCH 25, 1996

O.O.O. 4/17/96

HOUSE FILE 2447

H-5903

1 Amend House File 2447 as follows:

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

4 "Sec. ____ . Section 476.6, subsection 19, paragraph
5 d, Code 1995, is amended by striking the paragraph and
6 inserting in lieu thereof the following:

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

32 2. Title page, by striking lines 1 through 4 and
33 inserting the following: "An Act allowing for
34 recovery of certain utility costs."

35 3. By renumbering as necessary.

By HOLVECK of Polk

BURNETT of Story

SHOULTZ of Black Hawk

BERNAU of Story

H-5903 FILED APRIL 9, 1996

WITHDRAWN

4-17-96

(P.1705)

HOUSE FILE 2447

H-5966

1 Amend House File 2447 as follows:

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

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

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

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

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

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

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

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

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

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

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

46 4. Page 4, by inserting after line 33 the
47 following:

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

50 NEW SUBSECTION. 22. ALTERNATE ENERGY PROMOTIONAL

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Page 2

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Page 4

1 utility's revenue requirement, and shall not be
2 included either directly or indirectly in the electric
3 utility's rates or charges to customers.

4 4. Notwithstanding subsection 2, alternate energy
5 produced by recovery of methane at a sanitary landfill
6 shall be purchased at the rate existing as of January
7 1, 1996.

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

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

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

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

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

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Page 5

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

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

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

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

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

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

49 6. Page 6, by inserting after line 35 the
50 following:

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Page 6

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

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

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

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

32 9. By renumbering as necessary.

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

H-5966 FILED APRIL 16, 1996

O. O. Order 4-17-96

HOUSE FILE 2447

H-5968

1 Amend House File 2447 as follows:

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

4 "Sec. ____ . NEW SECTION. 476.46 NEW GENERATING
 5 CAPACITY -- YEAR 2012.

6 A rate-regulated electric utility shall be
 7 prohibited from providing for new generating capacity,
 8 other than by means of alternate energy production
 9 facilities or small hydro facilities, until January 1,
 10 2012."

11 2. By renumbering as necessary.

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

H-5968 FILED APRIL 16, 1996

O. O. Order 4-17-96

HOUSE FILE 2447

H-5969

1 Amend House File 2447 as follows:

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

4 "Sec. ____ . NEW SECTION. 476.58 ELECTRICITY
5 GENERATED WITHIN STATE.

6 A rate-regulated electric utility shall purchase
7 any available electricity generated within the state,
8 including electricity generated by alternate energy
9 production facilities or small hydro facilities, prior
10 to purchasing electricity generated from outside the
11 state."

12 2. By renumbering as necessary.

By MASCHER of Johnson

BURNETT of Story

SHOULTZ of Black Hawk

WITT of Black Hawk

H-5969 FILED APRIL 16, 1996

D.O. Order 4-17-96

HOUSE FILE 2447

H-5970

1 Amend House File 2447 as follows:

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

4 "Sec. ____ . Section 476.43, Code 1995, is amended
5 by adding the following new subsection:

6 NEW SUBSECTION. 7. The board shall require that
7 an electric utility enter into a long-term contract
8 pursuant to this section and section 476.44, by
9 January 1, 1997. An electric utility that fails to
10 comply with the contract requirements of this section
11 shall be subject to a civil penalty under section
12 476.51."

13 2. By renumbering as necessary.

By VANDE HOEF of Osceola

BURNETT of Story

HOLVECK of Polk

WITT of Black Hawk

SHOULTZ of Black Hawk

MASCHER of Johnson

H-5970 FILED APRIL 16, 1996

D.O. Order 4-17-96

HOUSE FILE 2447

H-5971

1 Amend House File 2447 as follows:

2 1. Page 6, by inserting after line 34 the
3 following:

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

19 2. By renumbering as necessary.

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

H-5971 FILED APRIL 16, 1996

*O.O. order
4-17-96*

HOUSE FILE 2447

H-5972

1 Amend House File 2447 as follows:

2 1. Page 6, by striking lines 12 through 34.

3 2. By renumbering as necessary.

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

H-5972 FILED APRIL 16, 1996

*O.O. order
4-17-96*

HOUSE FILE 2447

H-5973

1 Amend House File 2447 as follows:

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

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

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

21 2. Page 5, by inserting after line 31 the
22 following:

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

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

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

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

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

13 4. By renumbering as necessary.

By VANDE HOEF of Osceola

H-5973 FILED APRIL 16, 1996

p. 1716 O.O. order 4-17-96

HOUSE FILE 2447

H-5975

1 Amend House File 2447 as follows:

2 1. Page 2, by inserting after line 29 the
3 following:

4 "Sec. 100. NEW SECTION. 476.2A PRINCIPAL OFFICE.

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

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

24 "Sec. ____ . EFFECTIVE DATE. Section 100 of this
25 Act, being deemed of immediate importance, takes
26 effect upon enactment."

27 3. Title page, line 4, by inserting after the
28 word "research" the following: "and requiring the
29 location of a principal office within the state and
30 providing an effective date".

31 4. By renumbering as necessary.

By THOMSON of Linn
WELTER of Jones
TAYLOR of Linn

LARSON of Linn
SCHULTE of Linn

H-5975 FILED APRIL 16, 1996

O.O. order 4-17-96

HOUSE FILE 2447

H-5984

1 Amend House File 2447 as follows:
2 1. By striking everything after the enacting
3 clause and inserting the following:
4 "Section 1. Section 476.1, unnumbered paragraph 7,
5 Code 1995, is amended to read as follows:
6 The jurisdiction of the board under this chapter
7 shall include programs efforts designed to promote the
8 use of energy efficiency strategies by rate or
9 service-regulated gas and electric utilities. ~~These~~
10 ~~programs shall be cost-effective. The board may~~
11 ~~initiate these programs as pilot projects to~~
12 ~~accumulate sufficient data to determine if the~~
13 ~~programs meet the requirements of this paragraph.~~
14 Sec. 2. Section 476.1A, subsections 5 and 6, Code
15 1995, are amended to read as follows:
16 5. Assessment of fees for the support of the Iowa
17 energy center created in section 266.39C and the
18 center for global warming and regional environmental
19 research established by the state board of regents.
20 6. Filing energy efficiency plans and energy
21 efficiency results with the board. The energy
22 efficiency plans as a whole shall be cost-effective.
23 The board may permit these utilities to file joint
24 plans.
25 Sec. 3. Section 476.1A, Code 1995, is amended by
26 adding the following new subsection:
27 NEW SUBSECTION. 7. Encouragement of alternate
28 energy production and the purchase of alternate
29 energy.
30 Sec. 4. Section 476.1A, unnumbered paragraph 2,
31 Code 1995, is amended to read as follows:
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 efforts.
37 Sec. 5. Section 476.1A, unnumbered paragraph 3,
38 Code 1995, is amended to read as follows:
39 However, sections 476.20, 476.21, ~~476.41 through~~
40 ~~476.44~~, 476.51, 476.56, 476.62, and 476.66 and
41 chapters 476A and 478, to the extent applicable, apply
42 to such electric utilities.
43 Sec. 6. Section 476.1B, subsection 1, paragraph g,
44 Code 1995, is amended by striking the paragraph and
45 inserting in lieu thereof the following:
46 g. Encouragement of alternate energy production
47 and the purchase of alternate energy.
48 Sec. 7. Section 476.1B, subsection 1, paragraphs k
49 and l, Code 1995, are amended to read as follows:
50 k. Assessment of fees for the support of the Iowa

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1 energy center created in section 266.39C and the
2 ~~global-warming~~ center for global and regional
3 environmental research created by the state board of
4 regents.

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

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

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

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

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

31 Sec. 10. Section 476.2, subsections 5, 6, and 7,
32 Code 1995, are amended by striking the subsections and
33 inserting in lieu thereof the following:

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

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

7 Sec. 11. Section 476.6, subsection 17, Code 1995,
8 is amended by striking the subsection and inserting in
9 lieu thereof the following:

10 17. ENERGY EFFICIENCY PLANS. Electric and gas
11 public utilities shall offer energy efficiency
12 programs to their customers through energy efficiency
13 plans. An energy efficiency plan as a whole shall be
14 cost-effective. Energy efficiency programs for
15 qualified low-income persons and for tree planting
16 programs need not be cost-effective and shall not be
17 considered in determining cost-effectiveness of plans
18 as a whole. The energy efficiency programs in the
19 plans may be provided by the utility or by a
20 contractor or agent of the utility.

21 Sec. 12. Section 476.6, subsection 19, paragraphs
22 a through f, Code 1995, are amended by striking the
23 paragraphs and inserting in lieu thereof the
24 following:

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

41 b. An energy efficiency plan shall assess
42 potential energy and capacity savings available from
43 actual and projected customer usage by applying
44 commercially available technology and improved
45 operating practices to energy-using equipment and
46 buildings. The board shall determine for each
47 utility, specific capacity and energy savings
48 performance standards based on the board's assessment.
49 The energy efficiency plan shall include economically
50 achievable programs designed to attain these potential

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1 energy and capacity performance standards.
2 c. The board shall conduct contested case
3 proceedings for review of energy efficiency plans and
4 budgets filed by gas and electric utilities required
5 to be rate-regulated under this chapter. The board
6 may approve, reject, or modify the plans and budgets.
7 Notwithstanding the provisions of section 17A.19,
8 subsection 5, in an application for judicial review of
9 the board's decision concerning a utility's energy
10 efficiency plan or budget, the reviewing court shall
11 not order a stay. Whenever a request to modify an
12 approved plan or budget is filed subsequently by the
13 office of consumer advocate or a gas or electric
14 utility required to be rate-regulated under this
15 chapter, the board shall promptly initiate a formal
16 proceeding if the board determines that any reasonable
17 ground exists for investigating the request. The
18 formal proceeding may be initiated at any time by the
19 board on its own motion. Implementation of board
20 approved plans or budgets shall be considered
21 continuous in nature and shall be subject to
22 investigation at any time by the board or the office
23 of the consumer advocate.

24 d. Notice to customers of a contested case
25 proceeding for review of energy efficiency plans and
26 budgets shall be in a manner prescribed by the board.
27 e. A gas or electric utility required to be rate-
28 regulated under this chapter may recover, through an
29 automatic adjustment mechanism filed pursuant to
30 subsection 11, over a period not to exceed the term of
31 the plan, the costs of an energy efficiency plan
32 approved by the board, including amounts for a plan
33 approved prior to July 1, 1996, in a contested case
34 proceeding conducted pursuant to paragraph "c". The
35 board shall periodically conduct a contested case
36 proceeding to evaluate the reasonableness and prudence
37 of the utility's implementation of an approved energy
38 efficiency plan and budget. If a utility is not
39 taking all reasonable actions to cost-effectively
40 implement an approved energy efficiency plan, the
41 board shall not allow the utility to recover from
42 customers costs in excess of those costs that would be
43 incurred under reasonable and prudent implementation
44 and shall not allow the utility to recover future
45 costs at a level other than what the board determines
46 to be reasonable and prudent. If the result of a
47 contested case proceeding is a judgment against a
48 utility, that utility's future level of cost recovery
49 shall be reduced by the amount by which the programs
50 were found to be imprudently conducted. The utility

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1 shall not represent energy efficiency in customer
2 billings as a separate cost or expense unless the
3 board otherwise approves.

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

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

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

24 476.10A FUNDING FOR IOWA ENERGY CENTER AND GLOBAL
25 WARMING CENTER FOR GLOBAL AND REGIONAL ENVIRONMENTAL
26 RESEARCH.

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

47 Notwithstanding section 8.33, any unexpended moneys
48 remitted to the treasurer of state under this section
49 shall be retained for the purposes designated.

50 Notwithstanding section 12C.7, subsection 2, interest

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1 or earnings on investments or time deposits of the
2 moneys remitted under this section shall be retained
3 and used for the purposes designated.

4 The Iowa energy center and the center for global
5 and regional environmental research shall each provide
6 a written annual report to the utilities board which
7 describes each center's activities and the results
8 that each center has accomplished. Each report shall
9 include an explanation of initiatives and projects of
10 importance to the state of Iowa.

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

13 a. A solar, wind turbine, waste-management,
14 resource methane recovery, refuse-derived-fuel,
15 agricultural crops or residues, or woodburning
16 facility.

17 Sec. 16. Section 476.42, subsection 3, Code 1995,
18 is amended by striking the subsection.

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

21 a. A hydroelectric facility at a dam located
22 within this state.

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

25 NEW SUBSECTION. 5. "Alternate energy" means
26 electricity derived from hydro, solar, wind, methane
27 recovery, agricultural crops or residues, or
28 woodburning energy.

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

31 1. Subject to section 476.44, the board shall
32 require electric utilities to enter into long-term
33 contracts to do the following:

34 a. Purchase or wheel electricity from alternate
35 energy production facilities or small hydro facilities
36 ~~located in the utility's service area~~ under the terms
37 and conditions that the board finds are just and
38 economically reasonable to the electric utilities'
39 ratepayers, are nondiscriminatory to alternate energy
40 producers and small hydro producers and will further
41 the policy stated in section 476.41.

42 b. Provide for the availability of supplemental or
43 backup power to alternate energy production facilities
44 or small hydro facilities on a nondiscriminatory basis
45 and at just and reasonable rates.

46 c. If the parties fail to agree on the terms of a
47 contract required pursuant to this section, a party
48 may request that the board intervene. The board shall
49 have sixty days from the date of the intervention
50 request to render a decision on the contract.

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

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

26 3. Notwithstanding section 476.51, an electric
27 utility which fails to comply with the requirements of
28 subsection 1 or which obstructs the policy of this
29 state as stated in section 476.41 shall be subject to
30 a civil penalty, levied by the board, in an amount
31 that is equivalent to three times the total project
32 capital cost of the lowest bid filed with the board to
33 comply with the requirements of subsection 1. Civil
34 penalties collected under this subsection shall be
35 forwarded to the treasurer of state to be credited to
36 the Iowa energy center. Any moneys allocated to the
37 Iowa energy center pursuant to this subsection shall
38 be used solely for providing grants to nonprofit
39 agencies for alternate energy production. These
40 penalties shall be excluded from the electric
41 utility's costs when determining the electric
42 utility's revenue requirement, and shall not be
43 included either directly or indirectly in the electric
44 utility's rates or charges to customers.

45 4. Notwithstanding subsection 2, alternate energy
46 produced by recovery of methane at a sanitary landfill
47 shall be purchased at the rate existing as of January
48 1, 1996.

49 Sec. 21. Section 476.44, subsection 1, Code 1995,
50 is amended by striking the subsection.

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

3 2. a. An electric utility subject to this
4 division, except a utility which elects rate
5 regulation pursuant to section 476.1A, shall not be
6 required to purchase ~~at any one time more than~~ its
7 share of one two hundred five ten megawatts of power
8 from alternative energy production facilities or small
9 hydro facilities ~~at the rates~~ in accordance with the
10 competitive bidding process established pursuant to
11 section 476.43 and pursuant to timelines established
12 under paragraph "c". For purposes of this section,
13 "megawatt" shall be determined in accordance with a
14 utility's average capacity. "Average capacity" means
15 a utility's total output over a year divided by the
16 number of hours in the year. The board shall allocate
17 the one two hundred five ten megawatts based upon each
18 utility's percentage of the total Iowa retail peak
19 demand, for the year beginning January 1, 1990, of all
20 utilities subject to this section. If a utility
21 undergoes reorganization as defined in section 476.76,
22 the board shall combine the allocated purchases of
23 power for each utility involved in the reorganization.

24 Notwithstanding the one two hundred five ten
25 megawatt maximum, the board may increase the amount of
26 power that a utility is required to purchase ~~at the~~
27 ~~rates established pursuant to section 476.43~~ if the
28 board finds that a utility, including a reorganized
29 utility, exceeds its 1990 Iowa retail peak demand by
30 twenty percent and the additional power the utility is
31 required to purchase will encourage the development of
32 alternate energy production facilities and small hydro
33 facilities. The increase shall not exceed the
34 utility's increase in peak demand multiplied by the
35 ratio of the utility's share of the one two hundred
36 five ten megawatt maximum to its 1990 Iowa retail peak
37 demand.

38 b. Of that portion of alternate energy required to
39 be purchased by a utility under this section, eighty-
40 five percent shall be purchased from alternate energy
41 production facilities or small hydro facilities
42 generating electricity with current and viable
43 technologies and fifteen percent shall be purchased
44 from alternate energy production facilities generating
45 electricity from new technologies. The board shall
46 provide for a minimum of thirty percent of the eighty-
47 five percent required purchase of alternate energy
48 under this paragraph to be purchased from small hydro
49 facilities. Of the eighty-five percent, thirty
50 percent shall be purchased in accordance with the

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1 following:

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

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

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

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

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

26 476.78 CROSS-SUBSIDIZATION PROHIBITED.

27 A rate-regulated gas or electric public utility
28 shall not directly or indirectly include any costs or
29 expenses attributable to providing nonutility service
30 in regulated rates or charges. Except for contracts
31 existing as of July 1, 1996, a rate-regulated gas or
32 electric public utility or its affiliates shall not
33 use vehicles, service tools and instruments, or
34 employees, the costs, salaries, or benefits of which
35 are recoverable in the regulated rates for electric
36 service or gas service to install, service, or repair
37 residential or commercial gas or electric heating,
38 ventilating, or air conditioning systems, or interior
39 lighting systems and fixtures; or to sell at retail
40 heating, ventilating, air conditioning, or interior
41 lighting equipment. For the purpose of this section,
42 "commercial" means a place of business primarily used
43 for the storage or sale, at wholesale or retail, of
44 goods, wares, services, or merchandise. Nothing in
45 this section shall be construed to prohibit a rate-
46 regulated gas or electric public utility from using
47 its utility vehicles, service tools and instruments,
48 and employees to market systems, services, and
49 equipment, to light pilots, or to eliminate a customer
50 emergency or threat to public safety.

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

4 476.83 COMPLAINTS.

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

19 Sec. 25. Section 476A.6, subsections 4 and 5, Code
20 1995, are amended by striking the subsections and
21 inserting in lieu thereof the following:

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

32 5. The applicant, if a public utility as defined
33 in section 476.1, shall demonstrate to the board that
34 the utility has considered sources for long-term
35 electric supply from either purchase of electricity or
36 investment in facilities owned by other persons,
37 including consideration of the following:

38 a. Wheeling agreements and other energy or
39 capacity-sharing agreements, where cost-effective,
40 with other sources that have available energy or
41 capacity.

42 b. Establishment of renewable energy programs or
43 purchase of electricity from renewable energy
44 suppliers.

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

46 Sec. 27. APPLICABILITY TO EXISTING CONTRACTS. The
47 provisions of this Act relating to alternate energy
48 shall not affect the terms and conditions of any
49 contract between an alternate energy production
50 facility or small hydro facility and an electric

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1 utility that was entered into pursuant to sections
2 476.43 and 476.44 for purchase of alternate energy if
3 the contract was entered into prior to the effective
4 date of this Act. In addition, this Act shall not
5 affect potential contracts between alternate energy
6 production facilities and electric utilities if a
7 petition relating to the potential contracts has been
8 filed by January 1, 1996, and an action is currently
9 pending before the Iowa utilities board. For purposes
10 of the pending actions, the Iowa utilities board shall
11 not take into account the changes contained in this
12 Act.

13 Sec. 28. It is the intent of the general assembly
14 that persons who have proceeded in good faith under
15 the terms and conditions of sections 476.43 and
16 476.44, prior to their amendment by this Act, not
17 suffer economic loss as a result of this Act. These
18 persons shall be reimbursed by the utilities for their
19 reasonable good faith development costs as determined
20 by the Iowa utilities board.

21 Sec. 29. Section 10 of this Act, being deemed of
22 immediate importance, takes effect upon enactment."

23 2. Title page, by striking lines 1 through 4 and
24 inserting the following: "An Act relating to energy
25 efficiency and alternate energy programs, electric and
26 gas public utility energy efficiency mandates, and the
27 Iowa energy center and the center for global and
28 regional environmental research and requiring the
29 location of a principal office within the state and
30 providing an effective date and providing an
31 applicability provision."

By NUTT of Woodbury

H-5984 FILED APRIL 17, 1996

Adopted

4-17-96

(P. 1715)

HSB 630

NUTT, CH
Renken
Holbeck

COMMERCE - REGULATION

Subcommittee on
Energy Efficiency

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE AND REGULATION
BILL BY CHAIRPERSON METCALF)

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

A BILL FOR

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

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

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

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

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

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

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

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

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

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

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

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

1 utilities to file joint plans.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 the following:

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

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

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

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

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

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

1 accomplished.

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

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

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

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

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

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

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

32 EXPLANATION

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

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

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

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

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

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

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

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

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

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