

HF 659 substituted
Withdrawn
4/22/03

COMMERCE

FILED MAR 25 '03

SENATE FILE 432
BY IVERSON and GRONSTAL

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

A BILL FOR

1 An Act relating to ownership of alternate energy production
2 facilities by public utilities, making related changes, and
3 providing an effective date.

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

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SENATE FILE 432

S-3110

1 Amend Senate File 432 as follows:

2 1. By striking page 3, line 32, through page 4,
3 line 8, and inserting the following:

4 "b. In determining the applicable ratemaking
5 principles, the board shall not be limited to
6 traditional ratemaking principles or traditional cost
7 recovery mechanisms. Among the principles and
8 mechanisms the board may consider, the board has the
9 authority to approve ratemaking principles proposed by
10 a rate-regulated public utility that provide for
11 reasonable restrictions upon the ability of the public
12 utility to seek a general increase in electric rates
13 under section 476.6 for at least three years after the
14 generation facility begins providing service to Iowa
15 customers."

16 2. By renumbering, redesignating, and correcting
17 internal references as necessary.

**By COMMITTEE ON COMMERCE
JEFF ANGELO, CHAIRPERSON**

S-3110 FILED MARCH 31, 2003

Adopted 4/2/03

SE 432
COMMERCE

1 Section 1. Section 476.23, subsection 1, Code 2003, is
2 amended to read as follows:

3 1. An electric utility shall not construct or extend
4 facilities or furnish or offer to furnish electric service to
5 the existing point of delivery of any customer already
6 receiving electric service from another electric utility
7 without having first filed with the board the express written
8 agreement of the electric utility presently serving this
9 customer, except as otherwise provided in this section. Any
10 municipal corporation, after being authorized by a vote of the
11 people, or any electric utility may file a petition with the
12 board requesting a certificate of authority to furnish
13 electric service to the existing point of delivery of any
14 customer already receiving electric service from another
15 electric utility. If, after notice by the board to the
16 electric utility currently serving the customer, objection to
17 the petition is not filed and investigation is not deemed
18 necessary, the board shall issue a certificate within thirty
19 days of the filing of the petition. When an objection is
20 filed, if the board, after notice and opportunity for hearing,
21 determines that service to the customer by the petitioner is
22 in the public interest, including consideration of any
23 unnecessary duplication of facilities, it shall grant this
24 certificate in whole or in part, upon such terms, conditions,
25 and restrictions as may be justified. Whether or not an
26 objection is filed, any certificate issued shall require that
27 the petitioner pay to the electric utility presently serving
28 the customer, the reasonable price for facilities serving the
29 customer. This price determination by the board shall include
30 due consideration of the cost of the facilities being
31 acquired; any necessary generating capacity and transmission
32 capacity dedicated to the customer, including, but not limited
33 to, electric power generating facilities and alternate energy
34 production facilities not yet in service but for which the
35 board has issued an order pursuant to section 476.53, and

1 electric power generating facility emissions plan budgets
2 approved by the board pursuant to section 476.6, subsection
3 25; depreciation; loss of revenue; and the cost of
4 facilities necessary to reintegrate the system of the utility
5 after detaching the portion sold.

6 Sec. 2. Section 476.43, subsection 1, Code 2003, is
7 amended to read as follows:

8 1. Subject to section 476.44, the board shall require
9 ~~electric utilities to enter into long-term contracts~~ to do
10 both of the following under terms and conditions that the
11 board finds are just and economically reasonable for the
12 electric utilities' customers, are nondiscriminatory to
13 alternate energy producers and small hydro producers, and will
14 further the policy stated in section 476.41:

15 a. Purchase At least one of the following:

16 (1) Own alternate energy production facilities or small
17 hydro facilities located in this state.

18 (2) Enter into long-term contracts to purchase or wheel
19 electricity from alternate energy production facilities or
20 small hydro facilities located in the utility's service area
21 ~~under the terms and conditions that the board finds are just~~
22 ~~and economically reasonable to the electric utilities'~~
23 ~~ratepayers, are nondiscriminatory to alternate energy~~
24 ~~producers and small hydro producers and will further the~~
25 ~~policy stated in section 476.41.~~

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

30 Sec. 3. Section 476.44, subsection 2, Code 2003, is
31 amended to read as follows:

32 2. An electric utility subject to this division, except a
33 utility which that elects rate regulation pursuant to section
34 476.1A, shall not be required to own or purchase, at any one
35 time, more than its share of one hundred five megawatts of

1 power from alternative energy production facilities or small
2 hydro facilities at the rates established pursuant to section
3 476.43. The board shall allocate the one hundred five
4 megawatts based upon each utility's percentage of the total
5 Iowa retail peak demand, for the year beginning January 1,
6 1990, of all utilities subject to this section. If a utility
7 undergoes reorganization as defined in section 476.76, the
8 board shall combine the allocated purchases of power for each
9 utility involved in the reorganization.

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

22 Sec. 4. Section 476.45, Code 2003, is amended to read as
23 follows:

24 476.45 EXEMPTION FROM EXCESS CAPACITY.

25 Capacity ~~purchased-from~~ of an alternate energy production
26 facility or small hydro facility, that is owned or purchased
27 by an electric utility, shall not be included in a calculation
28 of an electric utility's excess generating capacity for ~~rate-~~
29 ~~making~~ ratemaking purposes.

30 Sec. 5. Section 476.53, subsection 3, paragraph b, Code
31 2003, is amended to read as follows:

32 b. In determining the applicable ratemaking principles,
33 the board shall not be limited to traditional ratemaking
34 principles or traditional cost recovery mechanisms. In
35 particular, the board shall have the authority to consider

1 ratemaking proposals by a rate-regulated public utility that
2 facilitate the construction of an electric power generating
3 facility or an alternate energy production facility pursuant
4 to paragraph "a" and provide for reasonable restrictions on
5 the ability of the public utility to seek a general increase
6 in electric rates under section 476.6 for at least three years
7 after the generation facility begins providing service to Iowa
8 consumers.

9 Sec. 6. EFFECTIVE DATE. This Act, being deemed of
10 immediate importance, takes effect upon enactment.

11 EXPLANATION

12 This bill amends various provisions in Code chapter 476,
13 relating to public utilities. Specifically, the bill provides
14 for ownership of alternate energy production facilities by
15 public utilities, and makes related changes.

16 The bill in Code section 476.23 states the authority of the
17 utilities board to consider the cost of a utility's alternate
18 energy production facilities and other generating facilities,
19 as well as generating plant emissions plan budgets approved by
20 the board, when valuing an electric utility's property.

21 The bill provides in Code section 476.43 that public
22 utilities may own alternate energy production facilities or
23 small hydro facilities located in Iowa. The bill also
24 restructures the language in subsection 1. Related changes
25 are made in Code sections 476.44 and 476.45.

26 The bill in Code section 476.53 specifies the authority of
27 the utilities board to consider rate proposals that facilitate
28 construction of alternate energy production facilities or
29 other electric generating facilities when the proposal
30 provides for reasonable restrictions on the utility's ability
31 to seek rate increases for at least three years after the
32 generating facility begins providing service.

33 The bill is effective upon enactment.

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SENATE FILE 432

S-3137

1 Amend Senate File 432 as follows:

2 1. By striking page 2, line 32, through page 3,
3 line 21, and inserting the following:

4 "2. a. An electric utility subject to this
5 division, ~~except a utility which that~~ elects rate
6 regulation pursuant to section 476.1A, shall ~~not~~ be
7 required to purchase, ~~at any one time, more than its~~
8 ~~share of one hundred five megawatts of power or~~
9 generate at least the following percentages of its
10 total annual Iowa retail electric sales from
11 alternative alternate energy production facilities or
12 small hydro facilities at the rates established
13 pursuant to section 476.43:—~~The board shall allocate~~
14 ~~the one hundred five megawatts based upon each~~
15 ~~utility's percentage of the total Iowa retail peak~~
16 ~~demand, for the year beginning January 1, 1990, of all~~
17 ~~utilities subject to this section.~~

18 (1) By December 31, 2004, four percent.

19 (2) By December 31, 2005, five percent.

20 (3) By December 31, 2006, six percent.

21 (4) By December 31, 2007, seven percent.

22 (5) By December 31, 2008, eight percent.

23 (6) By December 31, 2009, nine percent.

24 (7) By December 31, 2010, and annually thereafter,
25 at least ten percent.

26 b. A maximum of two percent of each utility's
27 total annual retail electric sales may be derived from
28 alternate energy production facilities or small hydro
29 facilities placed in service before January 1, 2004.

30 c. At least twenty percent of an electric
31 utility's yearly percentage pursuant to the schedule
32 in paragraph "a" shall be derived from small
33 distributed generation.

34 ~~If a utility undergoes reorganization as defined in~~
35 ~~section 476.76, the board shall combine the allocated~~
36 ~~purchases of power for each utility involved in the~~
37 ~~reorganization.~~

38 ~~Notwithstanding the one hundred five megawatt~~
39 ~~maximum, the board may increase the amount of power~~
40 ~~that a utility is required to purchase at the rates~~
41 ~~established pursuant to section 476.43 if the board~~
42 ~~finds that a utility, including a reorganized utility,~~
43 ~~exceeds its 1990 Iowa retail peak demand by twenty~~
44 ~~percent and the additional power the utility is~~
45 ~~required to purchase will encourage the development of~~
46 ~~alternate energy production facilities and small hydro~~
47 ~~facilities. The increase shall not exceed the~~
48 ~~utility's increase in peak demand multiplied by the~~
49 ~~ratio of the utility's share of the one hundred five~~
50 ~~megawatt maximum to its 1990 Iowa retail peak demand."~~

S-3137

S-3137

Page 2

1 2. By renumbering, redesignating, and correcting
2 internal references as necessary.

By JOE BOLKCOM

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JOHN P. KIBBIE

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ROBERT E. DVORSKY

MIKE CONNOLLY

MARY A. LUNDBY

S-3137 FILED APRIL 2, 2003

LOST ✓

SENATE FILE 432

S-3135

1 Amend Senate File 432 as follows:

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

4 "Sec. ____ . Section 476.42, Code 2003, is amended
5 by adding the following new subsection:

6 NEW SUBSECTION. 3A. "Small alternate energy
7 producer" means an alternate energy production

8 facility with a capacity of three megawatts or less."

9 2. Page 2, line 10, by striking the words "both
10 of".

11 3. Page 2, line 13, by inserting after the words
12 "hydro producers," the following: "including small
13 alternate energy producers,".

14 4. Page 2, by inserting after line 29 the
15 following:

16 "c. Enter into power purchase agreements with
17 small alternate energy producers."

18 5. By renumbering, redesignating, and correcting
19 internal references as necessary.

By MARY A. LUNDBY

HUBERT M. HOUSER

DAVID JOHNSON

NEAL SCHUERER

JAMES SEYMOUR

DAVID MILLER

KITTY REHBERG

JULIE HOSCH

STEVE KETTERING

S-3135 FILED APRIL 2, 2003

LOST ✓
