

Senate Study Bill 3078 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON FEENSTRA)

A BILL FOR

1 An Act eliminating provisions relating to energy efficiency
2 plans and programs for public utilities.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 476.1A, subsection 1, paragraph g, Code
2 2018, is amended by striking the paragraph.

3 Sec. 2. Section 476.1B, subsection 1, paragraph 1, Code
4 2018, is amended by striking the paragraph.

5 Sec. 3. Section 476.1C, subsection 1, paragraph c, Code
6 2018, is amended by striking the paragraph.

7 Sec. 4. Section 476.2, subsection 5, Code 2018, is amended
8 to read as follows:

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

23 Sec. 5. Section 476.2, subsection 6, Code 2018, is amended
24 by striking the subsection.

25 Sec. 6. Section 476.6, subsections 13, 15, and 17, Code
26 2018, are amended by striking the subsections.

27 Sec. 7. Section 476.8, subsection 1, Code 2018, is amended
28 to read as follows:

29 1. Every public utility is required to furnish reasonably
30 adequate service and facilities. ~~"Reasonably adequate service
31 and facilities"~~ for public utilities furnishing gas or
32 electricity includes programs for customers to encourage the
33 use of energy efficiency and renewable energy sources. The
34 charge made by any public utility for any heat, light, gas,
35 energy efficiency and renewable energy programs, water or

1 power produced, transmitted, delivered or furnished, sanitary
2 sewage or storm water collected and treated, or communications
3 services, or for any service rendered or to be rendered in
4 connection therewith shall be reasonable and just, and every
5 unjust or unreasonable charge for such service is prohibited
6 and declared unlawful. In determining reasonable and just
7 rates, the board shall consider all factors relating to value
8 and shall not be bound by rate base decisions or rulings made
9 prior to the adoption of [this chapter](#).

10 Sec. 8. Section 476.10, subsection 3, Code 2018, is amended
11 to read as follows:

12 3. Whenever the board shall deem it necessary in order
13 to carry out the duties imposed upon it in connection with
14 rate regulation under [section 476.6](#), investigations under
15 section 476.3, or review proceedings under [section 476.31](#),
16 the board may employ additional temporary or permanent staff,
17 or may contract with persons who are not state employees for
18 engineering, accounting, or other professional services, or
19 both. The costs of these additional employees and contract
20 services shall be paid by the public utility whose rates
21 are being reviewed in the same manner as other expenses are
22 paid under [this section](#). Beginning on July 1, 1991, there
23 is appropriated out of any funds in the state treasury not
24 otherwise appropriated, such sums as may be necessary to enable
25 the board to hire additional staff and contract for services
26 under [this section](#). The board shall increase quarterly
27 assessments specified in [subsection 1](#), paragraph "b", by
28 amounts necessary to enable the board to hire additional staff
29 and contract for services under [this section](#). The authority to
30 hire additional temporary or permanent staff that is granted to
31 the board by [this section](#) shall not be subject to limitation
32 by any administrative or executive order or decision that
33 restricts the number of state employees or the filling of
34 employee vacancies, and shall not be subject to limitation
35 by any law of this state that restricts the number of state

1 employees or the filling of employee vacancies unless that
2 law is made applicable to [this section](#) by express reference
3 to [this section](#). Before the board expends or encumbers an
4 amount in excess of the funds budgeted for rate regulation and
5 before the board increases quarterly assessments pursuant to
6 this subsection, the director of the department of management
7 shall approve the expenditure or encumbrance. Before approval
8 is given, the director of the department of management shall
9 determine that the expenses exceed the funds budgeted by the
10 general assembly to the board for rate regulation and that
11 the board does not have other funds from which the expenses
12 can be paid. Upon approval of the director of the department
13 of management the board may expend and encumber funds for
14 the excess expenses, and increase quarterly assessments to
15 raise the additional funds. ~~The board and the office of~~
16 ~~consumer advocate may add additional personnel or contract~~
17 ~~for additional assistance to review and evaluate energy~~
18 ~~efficiency plans and the implementation of energy efficiency~~
19 ~~programs including, but not limited to, professionally trained~~
20 ~~engineers, accountants, attorneys, skilled examiners and~~
21 ~~inspectors, and secretaries and clerks.~~ The board and the
22 office of consumer advocate may also contract for additional
23 assistance in the evaluation and implementation of issues
24 relating to telecommunication competition. The board and the
25 office of the consumer advocate may expend additional sums
26 beyond those sums appropriated. However, the authority to add
27 additional personnel or contract for additional assistance
28 must first be approved by the department of management. ~~The~~
29 ~~additional sums for energy efficiency shall be provided to the~~
30 ~~board and the office of the consumer advocate by the utilities~~
31 ~~subject to the energy efficiency requirements in [this chapter](#).~~
32 Telephone companies shall pay any additional sums needed for
33 assistance with telecommunication competition issues. The
34 assessments shall be in addition to and separate from the
35 quarterly assessment.

1 Sec. 9. Section 476.10A, subsection 1, paragraph b, Code
2 2018, is amended to read as follows:

3 *b.* The amounts collected pursuant to [this section](#) shall be
4 in addition to the amounts permitted to be assessed pursuant
5 to [section 476.10](#). ~~The board shall allow inclusion of these~~
6 ~~amounts in the budgets approved by the board pursuant to~~
7 ~~[section 476.6, subsection 15](#), paragraph “e”.~~

8 Sec. 10. Section 476.52, Code 2018, is amended to read as
9 follows:

10 **476.52 Management efficiency.**

11 It is the policy of this state that a public utility shall
12 operate in an efficient manner. If the board determines in the
13 course of a proceeding conducted under [section 476.3](#) or [476.6](#)
14 that a utility is operating in an inefficient manner, or is
15 not exercising ordinary, prudent management, or in comparison
16 with other utilities in the state the board determines that the
17 utility is performing in a less beneficial manner than other
18 utilities, the board may reduce the level of profit or adjust
19 the revenue requirement for the utility to the extent the board
20 believes appropriate to provide incentives to the utility to
21 correct its inefficient operation. If the board determines in
22 the course of a proceeding conducted under [section 476.3](#) or
23 [476.6](#) that a utility is operating in such an extraordinarily
24 efficient manner that tangible financial benefits result to
25 the ratepayer, the board may increase the level of profit or
26 adjust the revenue requirement for the utility. ~~In making its~~
27 ~~determination under [this section](#), the board may also consider a~~
28 ~~public utility’s pursuit of energy efficiency programs. The~~
29 board shall adopt rules for determining the level of profit or
30 the revenue requirement adjustment that would be appropriate.

31 The board shall also adopt rules establishing a methodology
32 for an analysis of a utility’s management efficiency.

33 Sec. 11. Section 476.53, subsection 3, paragraph c, Code
34 2018, is amended to read as follows:

35 *c.* In determining the applicable ratemaking principles, the

1 board shall ~~make the following findings:~~

2 ~~(1) The rate-regulated public utility has in effect a~~
3 ~~board-approved energy efficiency plan as required under section~~
4 ~~476.6, subsection 15.~~

5 ~~(2) The~~ find that the rate-regulated public utility
6 has demonstrated to the board that the public utility has
7 considered other sources for long-term electric supply
8 and that the facility or lease is reasonable when compared
9 to other feasible alternative sources of supply. The
10 rate-regulated public utility may satisfy the requirements
11 of this ~~subparagraph~~ paragraph through a competitive bidding
12 process, under rules adopted by the board, that demonstrate
13 the facility or lease is a reasonable alternative to meet its
14 electric supply needs.

15 Sec. 12. REPEAL. Sections 476.63 and 476.82, Code 2018,
16 are repealed.

17 EXPLANATION

18 The inclusion of this explanation does not constitute agreement with
19 the explanation's substance by the members of the general assembly.

20 This bill eliminates provisions in the Code relating to
21 energy efficiency plans and programs for public utilities.

22 The bill strikes Code sections 476.1A(1)(g), 476.1B(1)(1),
23 and 476.1C(1)(c), which require specified nonregulated public
24 utilities to file energy efficiency plans with the Iowa
25 utilities board.

26 The bill strikes Code section 476.6(13), which requires
27 rate-regulated electric and gas utilities to offer energy
28 efficiency programs to customers through energy efficiency
29 plans.

30 The bill strikes Code section 476.6(15), which establishes
31 requirements, implementation and review procedures, and cost
32 recovery mechanisms applicable to rate-regulated electric and
33 gas utilities, as well as certain requirements and review
34 procedures applicable to non-rate-regulated electric and gas
35 utilities, with respect to such energy efficiency plans and

1 energy efficiency programs.

2 The bill strikes Code section 476.6(17), which permits the
3 board to require rate-regulated gas and electric utilities
4 to offer energy efficiency program financing to qualified
5 customers.

6 The bill makes conforming changes by removing references to
7 public utility energy efficiency plans and energy efficiency
8 programs throughout Code chapter 476.