

House File 2699 - Introduced

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BY ISENHART

A BILL FOR

1 An Act relating to ratemaking and energy efficiency plans and
2 demand response plans.

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

1 Section 1. Section 476.6, subsections 2 and 4, Code 2024,
2 are amended to read as follows:

3 2. *Written notice of increase.* All public utilities,
4 except those exempted from rate regulation by [section 476.1](#)
5 and telecommunications service providers registered pursuant
6 to [section 476.95A](#), shall give written notice of a proposed
7 increase of any rate or charge to all affected customers served
8 by the public utility no more than thirty days prior to the
9 time the application for the increase is filed with the board.
10 Public utilities exempted from rate regulation by section
11 476.1, except telecommunications service providers registered
12 pursuant to [section 476.95A](#), shall give written notice of
13 a proposed increase of any rate or charge to all affected
14 customers served by the public utility at least thirty days
15 prior to the effective date of the increase. If the public
16 utility is subject to rate regulation, the written notice to
17 affected customers shall include an estimate of the total bill
18 impact on a typical customer in each affected customer class,
19 state the total rate increase as a percentage of the public
20 utility's own current charges, provide a general explanation
21 of the board's rate increase review process, and state that
22 the customer has a right to file a written objection to the
23 rate increase and that the affected customers may request
24 the board to hold a public hearing to determine if the rate
25 increase should be allowed. The written notice to each
26 affected customer of the public utility shall be served in the
27 manner in which the customer elects to receive bills and other
28 communications from the public utility.

29 4. *Hearing set.* After the filing of an application for
30 new or changed rates, charges, schedules, or regulations by a
31 public utility subject to rate regulation, the board, prior
32 to the expiration of thirty days after the filing date, shall
33 docket the case as a formal proceeding and set the case for
34 hearing unless the new or changed rates, charges, schedules,
35 or regulations are approved by the board. However, if an

1 application presents no material issue of fact subject to
2 dispute, and the board determines that the application violates
3 a relevant statute, or is not in substantial compliance with
4 a board rule lawfully adopted pursuant to [chapter 17A](#), the
5 application may be rejected by the board without prejudice and
6 without a hearing, provided that the board issues a written
7 order setting forth all of its reasons for rejecting the
8 application. In the case of a gas public utility having less
9 than two thousand customers, the board shall docket a case as a
10 formal proceeding and set the case for hearing as provided in
11 section 476.1C. In the case of a rural electric cooperative,
12 the board may docket the case as a formal proceeding and set
13 the case for hearing prior to the proposed effective date of
14 the tariff. The board shall give notice of formal proceedings
15 as it deems appropriate. Prior to a public hearing, the
16 utility shall provide to each affected customer an example
17 of the requested utility rate increase applied to the past
18 twelve months of the affected customer's usage as if the rate
19 increase were in place, in a manner to be determined by the
20 board. The docketing of a case as a formal proceeding suspends
21 the effective date of the new or changed rates, charges,
22 schedules, or regulations until the rates, charges, schedules,
23 or regulations are approved by the board, except as provided
24 in [subsection 9](#). As a part of the formal proceeding, the board
25 shall admit into evidence all objections filed by customers
26 prior to the close of the evidentiary record, in accordance
27 with subsection 3. Parties to the formal proceeding may object
28 to the inclusion of the objections.

29 Sec. 2. Section 476.6, subsection 15, paragraph e, Code
30 2024, is amended to read as follows:

31 e. (1) A gas or electric utility required to be
32 rate-regulated under [this chapter](#) may recover, through an
33 automatic adjustment mechanism filed pursuant to [subsection 8](#),
34 over a period not to exceed the term of the plan, the costs of
35 an energy efficiency plan or demand response plan approved by

1 the board in a contested case proceeding conducted pursuant to
2 paragraph "c". The board shall allow a gas or electric utility
3 to provide in an energy efficiency plan or demand response
4 plan for a return of and return on investments exceeding an
5 amount established by the board for the utility's current and
6 previously approved plan that is up to nine percent of revenue,
7 to the extent that such investments are cost-effective,
8 including the return allowed by the board. Customers that have
9 been granted exemptions from energy efficiency plans pursuant
10 to paragraph "a", shall not be charged for recovery of energy
11 efficiency costs beginning January 1 of the year following the
12 year in which the customer was granted the exemption.

13 (2) The board shall periodically conduct a contested case
14 proceeding to evaluate the reasonableness and prudence of the
15 utility's implementation of an approved energy efficiency
16 or demand response plan and budget. If a utility is not
17 taking all reasonable actions to cost-effectively implement an
18 approved plan, the board shall not allow the utility to recover
19 from customers costs in excess of those costs that would be
20 incurred under reasonable and prudent implementation and shall
21 not allow the utility to recover future costs at a level other
22 than what the board determines to be reasonable and prudent.
23 If the result of a contested case proceeding is a judgment
24 against a utility, that utility's future level of cost recovery
25 shall be reduced by the amount by which the programs were found
26 to be imprudently conducted. Beginning January 1, 2019, a
27 gas or electric utility shall represent energy efficiency and
28 demand response in customer billings as a separate cost or
29 expense.

30 (3) The board shall ensure access to an energy efficiency
31 plan approved under this section to customers in the affected
32 rate class.

33 EXPLANATION

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

1 This bill relates to gas and electric utility energy
2 efficiency plans and demand response plans and formal
3 ratemaking proceedings.

4 The bill requires utilities to file annual comparisons
5 utilized in setting revenue requirements. The utility shall
6 provide in the written notice of a rate increase to customers
7 the total rate increase as a percentage of the utility's own
8 current charges. The utility shall provide the Iowa utilities
9 board (board) with sufficient detail in the filings to verify
10 the authorized rate case treatment of revenue requirements.

11 The bill requires a utility to provide affected customers an
12 example of the requested rate increase applied over the past
13 12 months prior to a public hearing. The board may determine
14 the manner of notification of the example to the affected
15 customers. In a formal proceeding, the board shall admit all
16 objections filed by customers into evidence, but parties may
17 object to the inclusion of the objections filed by customers.

18 The bill requires the board to allow a gas or electric
19 utility to provide in an energy efficiency plan or demand
20 response plan, for investments exceeding the current or
21 previously approved plan, up to 9 percent of revenue to ensure
22 investments are cost-effective.

23 The bill also requires the board to ensure for customers
24 in an affected rate class access to an energy efficiency plan
25 approved under Code section 476.6.