

Senate File 2244 - Introduced

SENATE FILE 2244

BY KLIMESH

A BILL FOR

1 An Act relating to rate-regulated electric utilities and
2 integrated resource plans.

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

1 Section 1. Section 476.1, Code 2024, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 1A. The utilities board shall seek to
4 ensure safe, adequate, reliable, and affordable utility
5 services provided at rates that are nondiscriminatory, just,
6 reasonable, and based on the utility's cost of providing
7 service to customers within the state.

8 Sec. 2. Section 476.1A, Code 2024, is amended by adding the
9 following new subsection:

10 NEW SUBSECTION. 5A. Electric utility resources, including
11 electric generation, should be planned, designed, constructed,
12 and operated to minimize costs to customers and to ensure safe,
13 adequate, and reliable service. To serve these purposes,
14 the board shall administer a resource planning procedure for
15 investor-owned electric utilities in the state, including any
16 investor-owned utility whose operations are limited to electric
17 transmission services.

18 Sec. 3. Section 476.3, subsection 1, Code 2024, is amended
19 to read as follows:

20 1. A public utility shall furnish reasonably adequate
21 service at rates and charges in accordance with tariffs
22 filed with the board. A rate charged by a public utility
23 to a similarly situated customer of the same service class
24 shall differ only if the difference is based on demonstrable,
25 measurable differences in the cost of providing the service.
26 The rate charged to a customer shall be based upon the costs
27 incurred to serve the customer. When there is filed with the
28 board by any person or body politic, or filed by the board upon
29 its own motion, a written complaint requesting the board to
30 determine the reasonableness of the rates, charges, schedules,
31 service, regulations, or anything done or omitted to be done
32 by a public utility subject to [this chapter](#) in contravention
33 of [this chapter](#), the written complaint shall be forwarded by
34 the board to the public utility, which shall be called upon
35 to satisfy the complaint or to answer it in writing within a

1 reasonable time to be specified by the board. Copies of the
2 written complaint forwarded by the board to the public utility
3 and copies of all correspondence from the public utility in
4 response to the complaint shall be provided by the board in
5 an expeditious manner to the consumer advocate. If the board
6 determines the public utility's response is inadequate and
7 there appears to be any reasonable ground for investigating
8 the complaint, the board shall promptly initiate a formal
9 proceeding. If the consumer advocate determines the public
10 utility's response to the complaint is inadequate, the consumer
11 advocate may file a petition with the board, which shall
12 promptly initiate a formal proceeding if the board determines
13 that there is any reasonable ground for investigating the
14 complaint. The complainant or the public utility also may
15 petition the board to initiate a formal proceeding, which
16 petition shall be granted if the board determines that there
17 is any reasonable ground for investigating the complaint. The
18 formal proceeding may be initiated at any time by the board on
19 its own motion. If a proceeding is initiated upon petition
20 filed by the consumer advocate, complainant, or the public
21 utility, or upon the board's own motion, the board shall set
22 the case for hearing and give notice as it deems appropriate.
23 When the board, after a hearing held after reasonable notice,
24 finds a public utility's rates, charges, schedules, service,
25 or regulations are unjust, unreasonable, discriminatory, or
26 otherwise in violation of any provision of law, the board
27 shall determine just, reasonable, and nondiscriminatory rates,
28 charges, schedules, service, or regulations to be observed and
29 enforced.

30 Sec. 4. Section 476.6, subsection 15, paragraph a,
31 subparagraph (1), subparagraph division (a), Code 2024, is
32 amended to read as follows:

33 (a) Electric utilities required to be rate-regulated under
34 this chapter shall file five-year energy efficiency plans
35 and demand response plans with the board unless the utility

1 files an integrated resource plan under section 476.53B. Gas
2 utilities required to be rate-regulated under this chapter
3 shall file five-year energy efficiency plans with the board.
4 An energy efficiency plan and budget or a demand response
5 plan and budget shall include a range of energy efficiency
6 or demand response programs, tailored to the needs of all
7 customer classes, including residential, commercial, and
8 industrial customers, for energy efficiency opportunities.
9 The plans shall include programs for qualified low-income
10 persons including a cooperative program with any community
11 action agency within the utility's service area to implement
12 countywide or communitywide energy efficiency programs for
13 qualified low-income persons. Rate-regulated gas and electric
14 utilities shall utilize Iowa agencies and Iowa contractors to
15 the maximum extent cost-effective in their energy efficiency
16 plans or demand response plans filed with the board.

17 Sec. 5. NEW SECTION. **476.53B Electric utility integrated**
18 **resource plan.**

19 1. *a.* A rate-regulated electric utility shall file with
20 the board an integrated resource plan no later than one year
21 after the effective date of this Act. The plan shall include
22 the period of time between approval of the plan and ending ten
23 years after the filing of the plan.

24 *b.* The initial plan approval shall be conducted as a
25 contested case proceeding pursuant to chapter 17A.

26 2. The utility shall file an update to the initial plan
27 three years after the initial filing of the integrated resource
28 plan. The update shall include any changes from the initial
29 filing. The updated integrated resource plan shall be subject
30 to a contested case proceeding but shall be limited to the
31 changes included in the updated filing.

32 3. Three years after the filing of the updated integrated
33 resource plan, the utility shall file a fully comprehensive
34 plan that shall be subject to a contested case proceeding.

35 4. *a.* The plan shall include utility facilities and

1 resources for the provision of electric service including the
2 following:

3 (1) Electric generation.

4 (2) Electric distribution facilities.

5 (3) Electric transmission facilities owned and operated by
6 the utility.

7 (4) Any contractual or other arrangements including,
8 without limitation, demand response arrangements, energy
9 efficiency measures, peak load management, distributed
10 generation, power purchase agreements, and wholesale market
11 purchases, by which the utility may meet or modify demand for
12 service.

13 b. The plan shall include a description of existing
14 facilities and resources as of the date of filing, including
15 any of the following:

16 (1) Generation facilities, which shall include all of the
17 following information for each generation facility:

18 (a) The type and nameplate capacity.

19 (b) The location.

20 (c) The age.

21 (d) The purpose and operational characteristics.

22 (e) The net capacity and annual output for each of the past
23 two calendar years.

24 (f) The fuel type and source and annual consumption of fuel
25 for each of the past two calendar years.

26 (g) The cost of construction.

27 (h) The depreciation and undepreciated balance.

28 (i) The projected useful life or scheduled date for removal
29 from service and reason for retirement.

30 (j) A decommissioning plan, if any.

31 (2) Transmission and distribution facilities, which shall
32 include all of the following information for each transmission
33 and distribution facility:

34 (a) The type and voltage.

35 (b) The location.

1 (c) The age.

2 (d) The cost of construction.

3 (e) The depreciation and undepreciated balance.

4 (f) The projected useful life or scheduled date of removal
5 from service and reason for retirement.

6 (3) Any facility or resource retirements or terminations
7 during the past two years or since submission of the last plan
8 update.

9 (4) Any additional data the board deems appropriate and may
10 require by rule.

11 c. The integrated resource plan shall include the projection
12 for demand for service for each of the next ten years, by
13 customer class and characteristic load shape, and the data
14 and assumptions supporting the projections. The plan shall
15 include projections for wholesale sale of generation output
16 to a purchaser outside the utility system but within Iowa,
17 and outside the state. The plan shall include a proposal to
18 provide safe, adequate, and reliable service to customers at
19 the lowest cost, in light of projected demand over the next ten
20 years. The plan shall identify the facilities and resources
21 that the utility proposes to use for these purposes. The plan
22 shall incorporate the construction, purchase, retirement, and
23 replacement of utility facilities and resources, as well as
24 contracting for resources or services that are alternatives
25 to or substitutes for utility ownership, including demand
26 response arrangements, energy efficiency measures, peak load
27 management, distributed generation, power purchase agreements,
28 and wholesale market purchases.

29 d. The plan shall include proposed facilities and resources
30 including any of the following:

31 (1) Proposed electric generation facilities, which shall
32 include all of the following information for each proposed
33 electric generation facility:

34 (a) The type and nameplate capacity.

35 (b) The location.

- 1 (c) The purpose and projected operational characteristics.
- 2 (d) The projected net capacity and annual output.
- 3 (e) The fuel type and source.
- 4 (f) The annual consumption of fuel and means of delivering
5 to the facility.
- 6 (g) The water source and annual consumption.
- 7 (h) The cost of construction.
- 8 (i) The projected annual depreciation and projected useful
9 life or scheduled date of removal from service and reason for
10 retirement.
- 11 (j) Plans for waste disposal and monitoring of emissions and
12 wastes.
- 13 (k) A decommissioning plan, if any.
- 14 (2) Proposed transmission and distribution facilities,
15 which shall include all of the following information for each
16 proposed transmission or distribution facility:
 - 17 (a) The type and voltage.
 - 18 (b) The expected location.
 - 19 (c) The expected associated facilities.
 - 20 (d) The cost of construction.
 - 21 (e) The annual depreciation and projected useful life or
22 expected date of removal from service.
- 23 (3) Other proposed resources, including all of the
24 following information for each proposed resource:
 - 25 (a) The nature of the resource.
 - 26 (b) The relationship of the resource to safe and adequate
27 service.
 - 28 (c) Contractual obligations and rights of parties.
 - 29 (d) The projected annual cost to the utility.
 - 30 (e) The projected annual benefits, duration, and other
31 information to be prescribed by the board.
 - 32 e. (1) The plan shall include a comparative evaluation
33 of practicable alternative facilities and resources, which
34 shall consider cost, adequacy, and reliability. The plan shall
35 include analysis demonstrating that the proposed resource

1 options represent the means to achieve the purposes of safe,
2 adequate, and reliable service at the lowest cost, as compared
3 to all other practicable alternatives.

4 (2) The cost analysis shall reflect an evaluation of all
5 elements of the cost of the options, including construction
6 costs, financing costs including return on equity or debt,
7 useful life of the facility and depreciation, expenditures for
8 interconnection, projected transmission costs, operation and
9 maintenance, fuel expense, property taxes, rent and easements,
10 and an adjustment to reflect average capacity factors for the
11 type of generation facility and the need for redundancy for
12 intermittent generation.

13 (3) The cost analysis shall account for all tax aspects of
14 a proposed resource, including tax credits as applicable. For
15 purposes of the cost analysis, the projected tax credits shall
16 be reduced in proportion to Iowa's share of federal income tax
17 revenues paid by Iowa residents in the most recent tax year.

18 (4) The cost analysis shall take account of the
19 necessary costs of complying with applicable laws, including
20 environmental laws and regulations, in effect at the time of
21 filing. The cost analysis shall not assign weight to other
22 societal or environmental purposes other than those identified
23 by this section.

24 (5) There shall be a rebuttable presumption in favor of
25 the selection of the least-cost option and against any other
26 analyzed option. The utility may rebut the presumption by
27 demonstrating to the board the need for a higher-cost option to
28 meet objectives of adequacy and reliability.

29 (6) The board may by rule require that all, or certain
30 defined, facilities or resources covered by a plan shall be
31 procured by the utility through a competitive process.

32 f. (1) A utility shall not include in the revenue
33 requirement for a rate application any investment, cost, or
34 expense for any reason within the required scope of a resource
35 plan that is not included in the current resource plan approved

1 by the board.

2 (2) The utility may apply to the board for rate recovery
3 of costs not covered by the most recent resource plan if
4 the utility can demonstrate exigent changed circumstances
5 warranting an exception to the prior planning requirement
6 and that the proposed expenditure represents the least-cost
7 reasonable option necessary to meet the needs of safe,
8 adequate, and reliable service.

9 (3) A utility may not apply for a franchise pursuant to
10 chapter 478 for any transmission facility that is not included
11 in the current resource plan.

12 (4) No investment shall be eligible for advance ratemaking
13 under section 476.53 unless it has been included in the most
14 recent resource plan approved by the board.

15 *g.* The plan shall include any energy efficiency plans
16 and demand response plans. An electric utility subject to
17 this section shall file an energy efficiency plan and demand
18 response plan with the integrated resource plan and adhere to
19 the timeline described in this section. An energy efficiency
20 plan and demand response plan shall not be subject to a
21 separate contested case proceeding and may only be addressed in
22 the contested case proceeding for the integrated resource plan.

23 *h.* The board shall by rule provide for a contested case
24 proceeding to consider a plan and update filed by a utility.
25 Upon the filing of a plan, the board and the office of consumer
26 advocate shall each review all materials and evidence filed by
27 the utility. The board and office shall have discovery powers
28 in the proceeding. The board may, subject to any measures the
29 board determines to be necessary to protect proprietary utility
30 information, require evidence and other information provided
31 to the board and office to be disclosed to an intervenor
32 and a stakeholder. The office shall file with the board an
33 evaluation of the filed plan and the board shall take into
34 account the analysis by the office in the determination by the
35 board.

1 evaluations, cost analysis, and energy efficiency plans and
2 demand response plans. There shall be a rebuttable presumption
3 in favor of the least-cost option in the cost analysis. The
4 plan shall not include any investment, cost, or expense in
5 the revenue requirement for a rate application. An electric
6 utility may not apply for a franchise for any transmission
7 facility that is not already included in the current plan. No
8 investment shall be eligible for advance ratemaking unless it
9 is included in the most recent approved plan.

10 An electric utility required to file an energy efficiency
11 plan and demand response plan shall include the plans in the
12 integrated resource plan and shall not be subject to a separate
13 contested case proceeding for the energy efficiency plan
14 and demand response plan. An electric utility shall forego
15 the requirement of Code section 476.6 requiring an energy
16 efficiency plan and demand response plan to be filed every five
17 years. Instead, the electric utility shall adhere to the same
18 timeline included in the bill for the filing deadlines for the
19 energy efficiency plan and demand response plan.

20 The bill provides authority to the board to create by rule
21 the procedures for a contested case proceeding pursuant to the
22 bill. After the electric utility files the plan, the board and
23 the office of consumer advocate (office) shall review the plan.
24 The office shall submit an evaluation of the filed plan to the
25 board to use in determining approval of the plan. A plan may
26 be conditionally approved by the board within 10 months of the
27 initial filing or within 5 months of an updated filing.

28 Current law provides intent of the general assembly
29 to encourage the development of renewable electric power
30 generation, to use the renewable power to meet local electric
31 needs, and to develop transmission capacity to export wind
32 power generated in Iowa. The bill strikes this intent.