

House File 2261 - Introduced

HOUSE FILE 2261
BY BAGNIEWSKI

A BILL FOR

1 An Act relating to customer classes for large energy use
2 facilities, and including applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 476.6, Code 2026, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 22. *Large energy use facilities.*

4 a. For purposes of this subsection:

5 (1) "*Costs of serving*" includes, as applicable, the costs
6 incurred by an electric utility or water utility in providing
7 electric transmission, distribution, energy, water service,
8 capacity, or ancillary electricity or water services, and any
9 related costs or associated risks with serving a customer class
10 or customer.

11 (2) "*Large energy use facility*" means a facility that uses or
12 is able to use twenty megawatts or more and is primarily engaged
13 in providing a service as described under code number 518210 of
14 the North American industry classification system.

15 (3) "*Water utility*" means a public utility that furnishes
16 water by piped distribution system to the public for
17 compensation.

18 b. (1) The commission shall create a customer class for each
19 customer that is a large energy use facility. The customer class
20 must be separate and distinct from customer classes for other
21 customers and have its own rates, charges, and schedules. Any
22 rate, charge, or schedule approved by the commission for the
23 class must meet all of the following requirements:

24 (a) Directly assign the costs of serving to the customer.

25 (b) Mitigate the risk of other customer classes paying
26 unwarranted costs.

27 (c) Mitigate the risk of shifting, in an unwarranted manner,
28 the costs of serving a customer that is a large energy use
29 facility to other customer classes, including costs incurred by
30 an electric utility or water utility to meet load requirements
31 resulting from the provision of electricity service or water
32 service to a customer that is a large energy use facility.

33 (2) In deciding whether to approve a proposed rate, charge,
34 or schedule of an electric utility or water utility for a
35 customer class described under this subsection, the commission

1 shall consider whether the rate, charge, or schedule may do any
2 of the following:

3 (a) Result in, or have the potential to result in, increased
4 costs or unwarranted risk to other customers.

5 (b) Provide for equitable contributions to grid efficiency,
6 distribution efficiency, reliability, and resiliency benefits.

7 (c) Meet any other conditions the commission may require in
8 the public interest.

9 (3) An electric utility or water utility and a customer
10 that is a large energy use facility are not required to use a
11 classification of service provided for under this subsection if
12 the commission has not approved for the electric utility or water
13 utility a rate, charge, or schedule for that classification of
14 service.

15 c. (1) Notwithstanding section 476.1, subsection 3, this
16 paragraph shall apply to all municipally owned waterworks,
17 waterworks having less than two thousand customers, joint water
18 utilities established pursuant to chapter 389, rural water
19 districts incorporated and organized pursuant to chapters 357A
20 and 504, and cooperative water associations incorporated and
21 organized pursuant to chapter 499 that provide service to a large
22 energy use facility. This paragraph shall not apply to water
23 utilities subject to paragraph "b".

24 (2) Any water utility providing service to a large energy use
25 facility shall create a customer class for each customer that is
26 a large energy use facility. The customer class must be separate
27 and distinct from customer classes for other customers and have
28 its own rates, charges, and schedules. Any rate, charge, or
29 schedule must meet all the following requirements:

30 (a) Directly assign the costs of serving to the customer.

31 (b) Mitigate the risk of other customer classes paying
32 unwarranted costs.

33 (c) Mitigate the risk of shifting, in an unwarranted manner,
34 the costs of serving a customer that is a large energy use
35 facility to other customer classes, including costs incurred by

1 a water utility to meet load requirements resulting from the
2 provision of water service to a customer that is a large energy
3 use facility.

4 (3) In calculating a rate, charge, or schedule of a water
5 utility for a customer class described under this subsection,
6 the water utility shall consider whether the rate, charge, or
7 schedule may do any of the following:

8 (a) Result in, or have the potential to result in, increased
9 costs or unwarranted risk to other customers.

10 (b) Provide for equitable contributions to distribution
11 efficiency, reliability, and resiliency benefits.

12 (c) Meet any other conditions the commission may require in
13 the public interest.

14 (4) (a) Upon request by the commission, a water utility that
15 provides service to a large energy use facility shall submit
16 documentation to the commission within thirty days of the request
17 that demonstrates compliance with this section.

18 (b) If a water utility does not submit documentation as
19 required by subparagraph (1), the water utility shall be subject
20 to a civil penalty, as determined by the commission.

21 Sec. 2. APPLICABILITY. This Act applies to electric utility
22 services and water utility services provided to large energy use
23 facilities constructed or expanded on or after January 1, 2027.

24 EXPLANATION

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

27 This bill relates to customer classes for large energy use
28 facilities.

29 The bill defines "costs of serving" to include, as applicable,
30 the costs incurred by an electric utility or water utility
31 in providing electric transmission, distribution, energy, water
32 service, capacity, or ancillary electricity or water services,
33 and any related costs or associated risks with serving a customer
34 class or customer. The bill defines "large energy use facility"
35 as a facility that uses or is able to use 20 megawatts or

1 more and that is primarily engaged in providing a service
2 described under code number 518210 of the North American industry
3 classification system.

4 RATE-REGULATED UTILITIES. The bill requires the utilities
5 commission (commission) to create a customer class for each
6 customer that is a large energy use facility. The customer class
7 must be separate and distinct from customer classes for other
8 customers and must have its own rates, charges, and schedules.
9 The bill provides that any rate, charge, or schedule approved
10 by the commission for a large energy use facility customer must
11 directly assign the costs of serving the customer, mitigate the
12 risk of other customer classes paying unwarranted costs, and
13 mitigate the risk of shifting, in an unwarranted manner, the
14 costs of serving a large energy use facility to other customer
15 classes. The bill specifies that these costs include costs
16 incurred by an electric utility or water utility to meet load
17 requirements resulting from providing electricity service or
18 water service to a large energy use facility.

19 The bill requires the commission, when deciding whether
20 to approve a proposed rate, charge, or schedule for a large
21 energy use facility customer class, to consider whether the
22 proposal may result in or have the potential to result in
23 increased costs or unwarranted risk to other customers, whether
24 the proposal provides for equitable contributions to grid
25 efficiency, distribution efficiency, reliability, and resiliency
26 benefits, and whether the proposal meets any other conditions the
27 commission may require in the public interest.

28 The bill provides that an electric utility or water utility
29 and a customer that is a large energy use facility are not
30 required to use the customer classification created under the
31 bill if the commission has not approved a rate, charge, or
32 schedule for that classification of service.

33 OTHER WATER UTILITIES. The bill applies to certain water
34 utilities not otherwise regulated by the commission.

35 The bill requires water utilities to create a customer class

1 for each customer that is a large energy use facility. The
2 customer class must be separate and distinct from customer
3 classes for other customers and must have its own rates, charges,
4 and schedules. The bill provides that any rate, charge, or
5 schedule for a large energy use facility must directly assign
6 the costs of serving the customer, mitigate the risk of other
7 customer classes paying unwarranted costs, and mitigate the risk
8 of shifting, in an unwarranted manner, the costs of serving a
9 large energy use facility to other customer classes. The bill
10 specifies that these costs include costs incurred by a water
11 utility to meet load requirements resulting from providing water
12 service to a large energy use facility.

13 The bill requires the water utility, when calculating a
14 rate, charge, or schedule for a large energy use facility
15 customer class, to consider whether the rate, charge, or schedule
16 may result in or have the potential to result in increased
17 costs or unwarranted risk to other customers, provides for
18 equitable contributions to distribution efficiency, reliability,
19 and resiliency benefits, and meets any other conditions the
20 commission may require in the public interest.

21 The bill provides that upon request by the commission, a water
22 utility that provides service to a large energy use facility
23 must submit documentation to the commission within 30 days of
24 the request that demonstrates compliance with the bill. If the
25 water utility does not submit the documentation as required, the
26 water utility is subject to a civil penalty, as determined by the
27 commission.

28 **APPLICABILITY.** The bill applies to electric utility services
29 and water utility services provided to large energy use
30 facilities constructed or expanded on or after January 1, 2027.