

## **Sections 5 & 15**

### *Municipal Utilities*

Deletes 476.1B(1)(f), which relates to municipal utilities, and removes 'municipality' from 476.21, which relates to a utility's ability to consider renewable energy sources as a basis for setting rates. The legislation is designed to eliminate the duplicative jurisdiction IUB has over municipal rates. It leaves section 388.6 in place, which means that discrimination in rates is still prohibited.

## **Section 6**

### *Energy Efficiency Reports*

This legislation removes the requirement that the IUB file a report with the Iowa General Assembly on utilities energy efficiency plans by January 1, 1998, as that has already been completed and removes periodic reporting that is not necessary.

## **Section 7**

### *Consideration of federal regulations*

This section provides that in prescribing rules and regulations with regard to the utilities it regulates, the IUB should give due regard to corresponding rules of federal agencies to which the utilities must also comply in order to avoid any unnecessary duplication.

## **Section 8**

### *Regulatory Efficiency with "Transmission Rider"*

This language would update Iowa law to allow for the automatic adjustment of rates for recovery of transmission costs. Given that transmission costs increases and decreases are exclusively regulated at the federal level (FERC – Federal Energy Regulatory Commission), an automatic adjustment with the federal transmission rates would remove a duplicative process at the state level, streamlining regulatory filings and benefiting customers through lower energy costs and the quick receipt of cost reductions (e.g., tax reform).

## **Section 8 - 12**

### *Energy Efficiency Reform*

Section 8 clarifies that energy efficiency programs are cost-effective and that the IUB shall apply the total resource cost test. Section 9 updates energy efficiency, including establishing applicable limitations on energy efficiency and demand response plan requirements (e.g., 1.5% of revenues for natural gas). Requires that costs are recovered from all customers on a reasonably comparable basis, including customers who have installed alternate energy production facilities on or after January 1, 2019. The deletion of 476.6(17) strikes language regarding energy efficiency program financing. It is intended to clarify that the utilities should not be involved in financing energy efficiency projects.

## **Section 13**

### *Economic Development, Job Creation & Regulatory Efficiency – Natural Gas Expansion*

This legislative proposal clarifies the IUB power to create a pre-approval process for natural gas expansion projects. Under current practice, natural gas expansion projects can be deemed "imprudent" by the IUB after the project has been completed, resulting in the utility not being able to recover their significant investment and creating significant risk hurdles to future development projects under consideration by natural gas utilities. This legislation clarifies the IUB pre-approval power and would allow them to create a process for initial regulatory oversight of all natural gas projects and being able to declare the project a prudent investment prior to its completion.

## **Section 14**

### *Federal Tax Reform*

This language would require the IUB to approve ratepayer refunds from federal tax reform no later than May 15, 2018, notwithstanding other state laws.

## **Section 15**

This change is intended to put the non-rate regulated utilities on par with the municipally owned utilities as it relates to deposits and the customer's obligation to satisfy prior debt before service is initiated. The non-rate regulated utilities would still be subject to all of the IUB service rules for existing customers that have not been disconnected, including the customer protections against disconnection.

## **Section 16**

### *Regulatory Efficiency – Optional Forward Looking Test Year*

Under current law, Iowa utilities present to the Iowa Utilities Board (IUB) rate review applications using a historic test year. In addition, utilities can account for known capital costs – typically up to nine months after the test year. The use of a historic test year enables utilities to recover incurred costs, but may not completely reflect expected costs. In contrast, a forward test year provides the opportunity for customer groups, consumer advocates and the utilities to discuss and evaluate anticipated costs before they are expended. In addition, a forward-looking test year, the costs being incurred would better align with the costs being recovered. The legislation provides for the establishment of rules, including adjustment of rates if actual costs and revenues are not reasonably consistent with the costs and revenues approved by the Iowa Utilities Board.

**Section 17***Regulatory Efficiency – Repowering of Facilities*

In 2001, the Iowa legislature passed laws to reduce the regulatory risk from the construction of large baseload generation and transmission. The law allowed for a predetermination of ratemaking principles that would apply to baseload generation and transmission when it was placed in service and into the rate base. This allowed utility providers to understand the financial treatment of the asset before it was constructed and placed in service. This section clarifies that the repowering of a facility to upgrade or extend the useful life of the facility would be allowed under this advance rate making.

**Section 18***Electric Vehicle Infrastructure*

This legislation requires the Iowa Economic Development Authority and the Iowa Department of Transportation to study electric vehicle infrastructure and report to the General Assembly by June 30, 2019.

**Section 19***Effective date and title page*

This legislation sets an immediate effective date for certain provisions related to energy efficiency and updates the title page of the legislation.