

Senate File 2311 – Iowa Energy Bill

With Amendments H-8340 & H-8381 (By: Carlson)

Highlights:

- The Iowa Energy Bill benefits Iowans in every county of the state.
- The annual savings to Iowans under Senate File 2311 would be over \$102 Million.
- Senate File 2311 would also provide for Iowans to receive an additional \$100 million in one-time benefits due to federal tax reform. Rep. Carlson's amendment specifically provides instruction on utilities' return of benefits to customers from federal tax reform; outlining Iowa Utilities' Board (IUB) action by May 15, 2018.
 - Specifically, Alliant Energy has filed with the IUB to return \$75 million to their customers from federal tax reform.
 - The transmission rider, as codified in Rep. Carlson's amendment, will help Iowans receive their financial benefits for the transmission portion (approx. \$35 million) from federal tax reform much, much faster. Language in the amendment specifically instructs the IUB to write rules on continued customer engagement and cost reporting.
- Iowans will also see significant financial savings through regulatory efficiencies within the Iowa Energy Bill.
- Natural gas extensions, a key driver for economic development and job creation, also becomes more practical under this legislation.

Section By Section of H-8340 (Strike After) and H-8381 (2nd):

Section 1 & 2

Joint Financing Projects – Municipal Utilities

City utilities have long been able to partner to finance and build energy infrastructure for electric generation and transmission, but do not have the legal ability to do so for natural gas facilities. As the state's Energy Plan has recognized, many areas of the state do not have adequate access to natural gas service, especially in rural areas. Community-owned natural gas service might be an option in those areas that bigger providers don't serve. Iowa code chapter 28F provides eminent domain restrictions on local governments when they are engaged in joint financing. Since section 1 adds natural gas projects to the joint financing chapter, section 2 adds such projects to the code section that restricts the use of eminent domain by local governments. Iowa Association of Municipal Utilities is supporting legislation to support municipal financing tools for natural gas projects.

Section 3 & 4

Clarification of regulations regarding non-rate regulated utilities (RECs and Municipal utilities)

Since the IUB does not approve the energy efficiency plans of the non-rate regulated utilities, this revision is simply intended to clarify that they only have authority over the energy efficiency strategies for those utilities required to be rate regulated. This change is intended to make 476.1A which applies to the cooperatives worded consistent with 476.1B for municipal utilities. Instead of the Board having jurisdiction over everything but rates, this change would provide that the Board has specified jurisdiction. This should eliminate ambiguity about what matters deal with rates and which ones do not and create parity in IUB regulation between municipal utilities and rural electric cooperatives. The deletion of the third sentence of 476.1A(1)"g" is to clarify that the Board's obligation to report on energy efficiency to the legislature is not required. All energy efficiency filings are public and available through the EFS. A report is not necessary. The change to 476.1A(2) to only make subsections 1 through 4 of 476.20 applicable to the non-rate regulated utilities is consistent with what was done for the municipal utilities in 2017.

The application of sections 476.41 through .44 to the non-rate regulated utilities was determined by the Iowa Supreme Court to be unlawful pre-emption of the federal PURPA regulations many years ago. In response, the IUB has not applied these sections to the non-rate regulated utilities. The deletion of reference to these sections in 476.1A(2) is just a clean-up to make the code consistent with the Court case and current practice. Currently either the membership or the Board of Directors can cause a utility to elect rate regulation; but only the membership and elect back out of such regulation. The change to 476.1A(4) would allow the Board to opt out of rate regulation if the board is the one who made the initial decision. This provides consistency in the process of going into rate regulation and coming out of rate regulation.