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SENATE FILE 445
BY GRONSTAL

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to energy by providing for creation of an energy
2 commission; development of state energy policy, including
3 increased energy efficiency; energy conservation projects for
4 school corporations; construction of generation and
5 transmission facilities, including joint financing and bonding
6 provisions; reliability and adequacy of electric generation
7 and transmission, including standards for disconnection of gas
8 or electric service during winter months, deposits, meter
9 reading and late charges; energy research and alternate energy
10 production and use; and making an appropriation.

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

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SF 445
COMMERCE

1 Section 1. Section 455A.1, Code 2001, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 2A. "Energy commission" means the energy
4 commission created in section 455A.5A.

5 Sec. 2. NEW SECTION. 455A.5A IOWA ENERGY COMMISSION --
6 APPOINTMENT AND DUTIES.

7 1. An energy commission is created within the department
8 of natural resources.

9 2. The energy commission shall consist of seven members,
10 appointed by the governor.

11 a. The members shall serve staggered terms of four years,
12 beginning and ending as provided in section 69.19, except for
13 the initial appointments. The governor shall indicate, when
14 making the initial appointments, the two persons that shall
15 serve four-year terms, the two persons that shall serve three-
16 year terms, the two persons that shall serve two-year terms,
17 and the one person that shall serve a one-year term, in order
18 to initiate the system of four-year staggered terms.

19 Commission appointees are subject to senate confirmation.

20 b. The members shall be electors of the state, and shall
21 have substantial knowledge of the subjects embraced in chapter
22 473. The appointments shall be based upon the training,
23 experience, and capacity of the appointees, and not based upon
24 political considerations, other than as provided in section
25 69.16.

26 c. A member of the energy commission shall not hold any
27 other state or federal office.

28 d. The energy commission shall be subject to the
29 provisions of section 69.16 regarding political affiliation
30 and section 69.16A regarding gender balance.

31 e. A member of the energy commission may be reappointed,
32 subject to the provisions of chapter 69.

33 f. A vacancy on the energy commission shall be filled for
34 the unexpired term according to the provisions of chapter 69.

35 3. The energy commission shall hold an organizational

1 meeting within thirty days of the beginning of a new regular
2 term for one or more of its members. The energy commission
3 shall organize by electing a chairperson, vice chairperson,
4 secretary, and any other officers deemed necessary or
5 desirable. The energy commission shall meet at least
6 quarterly throughout the year, or upon the call of the
7 chairperson.

8 4. A majority of the members of the energy commission is a
9 quorum, and a majority of a quorum may act in any matter
10 within the jurisdiction of the commission, unless a more
11 restrictive rule is adopted by the commission.

12 5. The energy commission shall investigate and annually
13 report to the general assembly on at least the following
14 topics:

15 a. The latest technologies of energy efficiency and
16 renewable resources.

17 b. Formulation of a statewide education policy to inform
18 media and citizens of energy issues.

19 c. The short-term and long-term feasibility of
20 implementing various alternative energy sources.

21 d. The regulation of utilities in Iowa.

22 e. Recommendations regarding responsible standards for
23 improving the efficiency of projects that utilize state funds.

24 6. The energy commission is charged with the following
25 responsibilities and duties, except as otherwise established
26 by law:

27 a. Establish policy for the department and adopt rules,
28 pursuant to chapter 17A, necessary to provide for the
29 effective administration of chapter 473.

30 b. Hear appeals in contested cases pursuant to chapter 17A
31 on matters relating to actions taken by the director under
32 chapter 473 and approve the budget request prepared by the
33 director for the programs authorized by chapter 473.

34 c. Increase, decrease, or strike any item within the
35 department budget request for the programs authorized by

1 chapter 473 before granting approval.

2 7. The energy commission shall also advise the governor in
3 developing energy policy in Iowa.

4 8. Members of the energy commission are eligible for
5 reimbursement of actual and necessary expenses incurred in the
6 performance of their official duties. Each member of the
7 energy commission may also be eligible to receive compensation
8 as provided in section 7E.6.

9 Sec. 3. Section 455A.6, subsection 6, paragraph b, Code
10 2001, is amended to read as follows:

11 b. Hear appeals in contested cases pursuant to chapter 17A
12 on matters relating to actions taken by the director under
13 chapter 455C, 458A, or 464B₇-or-473.

14 Sec. 4. Section 473.1, subsection 1, Code 2001, is amended
15 to read as follows:

16 1. "Commission" means the ~~environmental-protection~~ energy
17 commission of the department.

18 Sec. 5. Section 473.3, Code 2001, is amended to read as
19 follows:

20 473.3 LEGISLATIVE INTENT -- ENERGY EFFICIENCY GOAL.

21 1. Iowa imports over ninety-eight percent of its energy,
22 and energy resources in relation to consumer demand are soon
23 projected to reach a critical point in Iowa. Increasing
24 energy efficiency is one method for conserving energy
25 resources.

26 2. The goal policy of this state is to more-efficiently
27 utilize energy resources more efficiently, especially those
28 that are nonrenewable or that have negative environmental
29 impacts, in order to enhance the economy of the state and to
30 decrease the state's dependence on energy resources from
31 outside the state by reducing the amount of energy used.

32 3. The long-term goal of this state is to increase energy
33 efficiency by twenty percent, over a time period and by
34 specific measures to be determined by the commission.

35 4. This-goal-is-to The energy efficiency policy shall be

1 implemented through all of the following policies and
2 programs:

3 a. Through the development of programs that promote energy
4 efficiency and energy conservation by all Iowans, through
5 including through increased weatherization of homes.

6 b. Through the development and enhancement of an energy
7 efficiency industry, through.

8 c. Through the development of indigenous energy resources
9 that are economically and environmentally viable, and through.

10 d. Through the development and implementation of effective
11 public information and education programs.

12 5. State government shall be a model and testing ground
13 for the use of energy efficiency systems.

14 Sec. 6. Section 473.7, Code 2001, is amended to read as
15 follows:

16 473.7 DUTIES OF THE DEPARTMENT ENERGY COMMISSION.

17 The department commission shall:

18 1. Deliver to the general assembly by ~~January 15, 1990~~
19 February 1, 2003, a plan for the development, management, and
20 efficient utilization of all energy resources in the state.

21 The plan shall evaluate existing energy utilization with
22 regard to energy efficiency and shall evaluate the future
23 energy needs of the state. The plan shall include but is not
24 limited to the following elements:

25 a. The historical use and distribution of energy in Iowa.

26 b. The growth rate of energy consumption in Iowa.

27 c. A projection of Iowa's energy needs ~~at-a-minimum-of~~
28 ten, twenty, and thirty years into the future.

29 d. The impact of meeting Iowa's energy needs on the
30 economy of the state.

31 e. The impact of meeting Iowa's energy needs on the
32 environment of the state.

33 f. An evaluation of alternative sources and uses of
34 energy.

35 g. Legislative recommendations ~~that-may-be-necessary-as-a~~

1 basis for the development of a state policy for the
2 development and efficient utilization of on energy resources.

3 h. An evaluation of the ability of existing laws and
4 regulations surrounding the utilization of to address future
5 needs regarding energy resources.

6 The department commission shall develop the plan with the
7 assistance of, and in consultation with, the utilities board
8 within the department of commerce, representatives of the
9 energy industry, economic interests, the public, and other
10 interested parties. The department commission shall submit a
11 report to the general assembly concerning the status and
12 implementation of the plan on a biennial basis. The biennial
13 update shall contain an evaluation of all state energy
14 programs including expected versus actual benefits and
15 forecasts of future energy demand in Iowa.

16 2. Identify a state facility in the state to be used as a
17 marketing tool to promote energy conservation by providing a
18 showcase for the department commission to demonstrate energy
19 efficiency.

20 3. The department commission shall exchange information
21 with other states on energy and especially on the allocation
22 of fuel and shall request all information necessary to
23 determine the reasonableness of any reduction of Iowa's fuel
24 allocation, or the reasonableness of any increase in prices of
25 any type of fuel, including the possibility of price-fixing or
26 other manipulation of the market.

27 4. Establish a central depository within the state for
28 energy data.

29 a. The central depository shall be located at or
30 accessible through a library which that is a member of an
31 interlibrary loan program to facilitate access to the data and
32 information contained in the central depository.

33 b. The department commission shall collect data necessary
34 to forecast future energy demands in the state.

35 c. The department commission may require a supplier to

1 provide information pertaining to the supply, storage,
2 distribution and sale of energy sources in this state.

3 d. The information shall be furnished on a periodic basis,
4 shall be of a nature ~~which~~ that directly relates to the
5 supply, storage, distribution and sale of energy sources, and
6 shall not include any records, documents, books, or other data
7 ~~which~~ that relate to the financial position of the supplier.
8 Provided, provided that the department commission, prior to
9 requiring any supplier to furnish it the commission with such
10 information, shall make every reasonable effort to determine
11 if ~~the same~~ such information is available from any other
12 governmental source. If it the commission finds such
13 information is available, the department commission shall not
14 require submission of ~~the same~~ such information from a
15 supplier.

16 e. Notwithstanding the provisions of chapter 22,
17 information and reports obtained under this section subsection
18 shall be confidential except when used for statistical
19 purposes without identifying a specific supplier and when
20 release of the information will not give an advantage to
21 competitors and serves a public purpose. The department
22 commission shall use this data to conduct energy forecasts
23 ~~which~~ that shall be included in the biennial update required
24 by this section.

25 f. The department commission may subpoena witnesses,
26 administer oaths, and require the production of records,
27 books, and documents for examination in order to obtain
28 information required to be submitted under this section. In
29 case of failure or refusal on the part of any person to comply
30 with a subpoena issued by the department commission, or in
31 case of the refusal of any witness to testify as to any matter
32 regarding which the witness may be interrogated under this
33 chapter, the district court, upon the application of the
34 department commission, may order the person to show cause why
35 the person should not be held in contempt for failure to

1 testify or comply with a subpoena, and may order the person to
2 produce the records, books, and documents for examination, and
3 to give testimony. The courts may punish for contempt as in
4 the case of disobedience to a like subpoena issued by the
5 court, or for refusal to testify.

6 5. Develop, recommend, and implement with appropriate
7 agencies public and professional education and communication
8 programs in energy efficiency, energy conservation, and
9 conversion to alternative sources of energy.

10 6. When necessary to carry out its duties under this
11 chapter, enter into contracts with state agencies and other
12 qualified contractors.

13 7. Receive and accept grants made available for programs
14 relating to duties of the department commission under this
15 chapter.

16 8. Promulgate Adopt rules pursuant to chapter 17A
17 necessary to carry out the provisions of this chapter, ~~subject~~
18 ~~to review in accordance with chapter 17A.~~ Rules promulgated
19 by the governor pursuant to a proclamation issued under the
20 provisions of section 473.8 shall not be subject to review or
21 a public hearing as required in chapter 17A; however, agency
22 rules for implementation of the governor's proclamation are
23 subject to the requirements of chapter 17A.

24 9. Examine and determine whether additional state
25 regulatory authority is necessary to protect the public
26 interest and to promote the effective development, utilization
27 and conservation of energy resources. If the department
28 commission finds that additional regulatory authority is
29 necessary, the department commission shall submit
30 recommendations to the general assembly concerning the nature
31 and extent of such regulatory authority and which state agency
32 should be assigned such regulatory responsibilities.

33 10. Develop and assist in the implementation of public
34 education and communications programs in energy development,
35 use and conservation, in ~~co-operation~~ cooperation with the

1 department of education, the state university extension
2 services and other public or private agencies and
3 organizations as deemed appropriate by the department
4 commission.

5 11. Develop a program to ~~annually~~ give annual public
6 recognition to innovative methods of energy conservation.

7 12. Administer and coordinate federal funds for energy
8 conservation programs including, but not limited to, the
9 institutional conservation program, state energy conservation
10 program, and energy extension service program, and related
11 programs ~~which~~ that provide energy management and conservation
12 assistance to schools, hospitals, ~~health-care~~ health care
13 facilities, communities, and the general public.

14 13. Administer and coordinate the state building energy
15 management program including projects funded through private
16 financing.

17 14. Perform monthly fuel surveys ~~which~~ that establish a
18 statistical average of motor fuel prices for various motor
19 fuels provided throughout the state. Additionally, the
20 department commission shall perform monthly fuel surveys in
21 cities with populations of over fifty thousand ~~which~~ that
22 establish a statistical average of motor fuel prices for
23 various motor fuels provided in those individual cities. The
24 survey results shall be publicized in a monthly press release
25 issued by the department commission.

26 15. ~~Conduct-a-study-on~~ Study activities related to energy
27 production and use ~~which~~ that contribute to global climate
28 change and the depletion of the stratospheric ozone layer.
29 The study shall identify the types and relative contributions
30 of these activities in Iowa. The department commission shall
31 develop a strategy to reduce emissions from activities
32 identified as having an adverse impact on the global climate
33 and the stratospheric ozone layer. ~~The-department-shall~~
34 ~~submit-a-report-containing-its-findings-and-recommendations-to~~
35 ~~the-governor-and-general-assembly-by-January-1, 1992.~~

1 Sec. 7. NEW SECTION. 473.14 IMPLEMENTATION OF ENERGY
2 CONSERVATION MEASURES -- SCHOOL CORPORATIONS.

3 1. Any energy efficiency projects approved by the
4 commission that are completed by a school corporation subject
5 to section 298.18 shall be exempt from the bonded debt levy
6 limits in section 298.18.

7 2. The commission shall adopt rules pursuant to chapter
8 17A to administer this section, including requirements for an
9 energy management plan, an energy audit, and an engineering
10 analysis of the energy conservation measures.

11 3. A participating school corporation shall annually
12 report to the commission on August 1 the status of all energy
13 conservation measures identified in their engineering
14 analysis, whether or not the measures have been acquired or
15 implemented, and the results of energy usage analyses of the
16 board's facilities. The report shall also be made available
17 to the residents of the election district for the school
18 corporation.

19 Sec. 8. Section 473.17, Code 2001, is amended to read as
20 follows:

21 473.17 REVIEW.

22 The first session of the Seventy-second Eighty-first
23 General Assembly meeting in the year ~~1987~~ 2005 shall review
24 the activities and performance of the department commission
25 and shall ~~not later than July 17, 1987~~ make a determination
26 concerning the status and duties of the department commission,
27 which review shall be performed every ten years thereafter.

28 Sec. 9. Section 476.2, Code 2001, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 5A. The board shall emphasize the
31 maintenance of a safe, reliable, and adequate power system,
32 through application of standards for customer response times,
33 outage frequency and duration, strategic staffing, prevention
34 of injury and loss of life, and facilitation of construction
35 of adequate generation and transmission facilities, including

1 maintenance of the existing power grid.

2 Sec. 10. Section 476.2, subsection 6, Code 2001, is
3 amended to read as follows:

4 6. The board shall provide the general-assembly energy
5 commission with a report on the energy-efficiency-planning
6 efforts-undertaken-by-utilities-required-to-offer-energy
7 efficiency-plans-pursuant-to-section-476.67-subsection-17.
8 The-report-shall-be-completed-by-January-17-1998. following
9 subjects:

10 a. An analysis of the level of investment and incentives
11 required to increase the energy generated from alternative or
12 renewable sources by ten, twenty, and thirty percent.

13 b. Recommendations for promoting investment in integrated
14 small-scale renewable energy systems.

15 c. An analysis of the costs and benefits of generating and
16 transmitting electricity from renewable sources, and a
17 proposal for a formula for establishing a fair cost for
18 transmitting electricity from renewable sources.

19 d. Recommendations regarding establishment of a standard
20 system for net metering and connecting renewable electricity
21 generators to the electric transmission grid.

22 Sec. 11. Section 476.3, subsection 2, unnumbered paragraph
23 1, Code 2001, is amended to read as follows:

24 If, as a result of a review procedure conducted under
25 section 476.31, a review conducted under section 476.32, a
26 special audit, an investigation by division staff, or an
27 investigation by the consumer advocate, a petition is filed
28 with the board by the consumer advocate, alleging that a
29 utility's rates are excessive, the disputed amount shall be
30 specified in the petition. The public utility shall, within
31 the time prescribed by the board, file a bond or undertaking
32 approved by the board conditioned upon the refund in a manner
33 prescribed by the board of amounts collected after the date of
34 filing of the petition in excess of rates or charges finally
35 determined by the board to be lawful. If upon hearing the

1 board finds that the utility's rates are unlawful, the board
2 shall order a refund, with interest, of amounts collected
3 after the date of filing of the petition that are determined
4 to be in excess of the amounts which would have been collected
5 under the rates finally approved. However, the board shall
6 not order a refund that is greater than the amount specified
7 in the petition, plus interest, ~~and if the board fails to~~
8 ~~render a decision within ten months following the date of~~
9 ~~filing of the petition, the board shall not order a refund of~~
10 ~~any excess amounts that are collected after the expiration of~~
11 ~~that ten month period and prior to the date the decision is~~
12 rendered. The interest rate to be applied to refunds
13 determined by the board under this section shall be the same
14 as applied to refunds ordered under section 476.6, subsection
15 13.

16 Sec. 12. Section 476.6, subsection 19, Code 2001, is
17 amended to read as follows:

18 19. ENERGY EFFICIENCY IMPLEMENTATION, COST REVIEW, AND
19 COST RECOVERY.

20 It is the intent of the general assembly that the board
21 reinitiate the filing and evaluation of energy efficiency
22 plans by gas and electric utilities, effective upon the
23 effective date of this Act:

24 a. Gas and electric utilities required to be rate-
25 regulated under this chapter shall file energy efficiency
26 plans with the board. An energy efficiency plan and budget
27 shall include a range of programs, tailored to the needs of
28 all customer classes, including residential, commercial, and
29 industrial customers, for energy efficiency opportunities.
30 The plans shall include rebates for the purchase and use of
31 energy efficient appliances. The plans shall include programs
32 for qualified low-income persons including a cooperative
33 program with any community action agency within the utility's
34 service area to implement countywide or communitywide energy
35 efficiency programs for qualified low-income persons, and

1 shall also include a small business energy assistance program
2 to be developed by the energy commission. Rate-regulated gas
3 and electric utilities shall utilize Iowa agencies and Iowa
4 contractors to the maximum extent cost-effective in their
5 energy efficiency plans filed with the board.

6 b. A gas and electric utility required to be rate-
7 regulated under this chapter shall assess potential energy and
8 capacity savings available from actual and projected customer
9 usage by applying commercially available technology and
10 improved operating practices to energy-using equipment and
11 buildings. The utility shall submit the assessment to the
12 board. Upon receipt of the assessment, the board shall
13 consult with the energy bureau of the division of energy and
14 geological resources of the department of natural resources to
15 develop specific capacity and energy savings performance
16 standards for each utility. The utility shall submit an
17 energy efficiency plan which that shall include economically
18 achievable programs designed to attain these energy and
19 capacity performance standards.

20 The utilities shall make energy audits available to all
21 customers. Priority may be given to customers with greater
22 energy use, but the service shall not be denied on the basis
23 that the consumer purchases only a selected product or
24 products from the utility.

25 c. The board shall conduct contested case proceedings for
26 review of energy efficiency plans and budgets filed by gas and
27 electric utilities required to be rate-regulated under this
28 chapter. The board may approve, reject, or modify the plans
29 and budgets. Notwithstanding the provisions of section
30 17A.19, subsection 5, in an application for judicial review of
31 the board's decision concerning a utility's energy efficiency
32 plan or budget, the reviewing court shall not order a stay.
33 Whenever a request to modify an approved plan or budget is
34 filed subsequently by the office of consumer advocate or a gas
35 or electric utility required to be rate-regulated under this

1 chapter, the board shall promptly initiate a formal proceeding
2 if the board determines that any reasonable ground exists for
3 investigating the request. The formal proceeding may be
4 initiated at any time by the board on its own motion.

5 Implementation of board-approved plans or budgets shall be
6 considered continuous in nature and shall be subject to
7 investigation at any time by the board or the office of the
8 consumer advocate.

9 d. Notice to customers of a contested case proceeding for
10 review of energy efficiency plans and budgets shall be in a
11 manner prescribed by the board.

12 e. A gas or electric utility required to be rate-regulated
13 under this chapter may recover, through an automatic
14 adjustment mechanism filed pursuant to subsection 11, over a
15 period not to exceed the term of the plan, the costs of an
16 energy efficiency plan approved by the board, including
17 amounts for a plan approved prior to July 1, 1996, in a
18 contested case proceeding conducted pursuant to paragraph "c".

19 The board shall periodically conduct a contested case
20 proceeding to evaluate the reasonableness and prudence of the
21 utility's implementation of an approved energy efficiency plan
22 and budget. If a utility is not taking all reasonable actions
23 to cost-effectively implement an approved energy efficiency
24 plan, the board shall not allow the utility to recover from
25 customers costs in excess of those costs that would be
26 incurred under reasonable and prudent implementation and shall
27 not allow the utility to recover future costs at a level other
28 than what the board determines to be reasonable and prudent.

29 If the result of a contested case proceeding is a judgment
30 against a utility, that utility's future level of cost
31 recovery shall be reduced by the amount by which the programs
32 were found to be imprudently conducted. The utility shall not
33 represent energy efficiency in customer billings as a separate
34 cost or expense unless the board otherwise approves.

35 f. A rate-regulated utility required to submit an energy

1 efficiency plan under this subsection shall, upon the request
2 of the energy commission, or upon the direct request of a
3 state agency or political subdivision to which it the utility
4 provides service, provide advice and assistance to a state
5 agency or political subdivision regarding measures which that
6 the state agency or political subdivision might take in
7 achieving improved energy efficiency results. The cooperation
8 shall include assistance in accessing financial assistance for
9 energy efficiency measures.

10 Sec. 13. Section 476.8, Code 2001, is amended to read as
11 follows:

12 476.8 UTILITY CHARGES AND SERVICE.

13 1. Every public utility is required to furnish reasonably
14 adequate service and facilities.

15 a. "Reasonably adequate service and facilities" for public
16 utilities furnishing gas or electricity includes programs for
17 customers to encourage the use of energy efficiency and
18 renewable energy sources.

19 b. The charge made by any public utility for any heat,
20 light, gas, energy efficiency and renewable energy programs,
21 water or power produced, transmitted, delivered or furnished,
22 or communications services, or for any service rendered or to
23 be rendered in connection therewith with such service shall be
24 reasonable and just, and every unjust or unreasonable charge
25 for such service is prohibited and declared unlawful. In
26 determining reasonable and just rates, the board shall
27 consider all factors relating to value and shall not be bound
28 by rate base decisions or rulings made prior to the adoption
29 of this chapter.

30 2. The board shall have the authority to order a rate-
31 regulated public utility to construct an electric generating
32 facility, transmission facility, or both, as necessary to
33 ensure continued electric reliability, and to maintain
34 reasonably adequate, reliable, safe, and cost-efficient
35 electric service to Iowa consumers. The prudent and

1 reasonable costs incurred to construct and operate such
2 generating facility or transmission facility shall be included
3 in the determination of the rates of the rate-regulated public
4 utility.

5 3. The board, in determining the value of materials or
6 services to be included in valuations or costs of operations
7 for rate-making purposes, may disallow any unreasonable profit
8 made in the sale of materials to or services supplied for any
9 public utility by any firm or corporation owned or controlled
10 directly or indirectly by such utility or any affiliate,
11 subsidiary, parent company, associate or any corporation whose
12 controlling stockholders are also controlling stockholders of
13 such utility. The burden of proof shall be on the public
14 utility to prove that no unreasonable profit is made.

15 Sec. 14. Section 476.20, Code 2001, is amended to read as
16 follows:

17 476.20 DISCONNECTION LIMITED -- NOTICE -- MORATORIUM --
18 DEPOSITS.

19 1. A utility shall not, except in cases of emergency,
20 discontinue, reduce, or impair service to a community, or a
21 part of a community, except for nonpayment of account or
22 violation of rules and regulations, unless and until
23 permission to do so is obtained from the board.

24 2. a. The board shall establish rules requiring a
25 regulated public utility furnishing gas or electricity to
26 include in the utility's notice of pending disconnection of
27 service a written statement advising the customer that the
28 customer may be eligible to participate in the low income home
29 energy assistance program or weatherization assistance program
30 administered by the division of community action agencies of
31 the department of human rights.

32 b. The written statement shall ~~list~~ include the following
33 information:

34 (1) The address and telephone number of the local agency
35 which that is administering the customer's low income home

1 energy assistance program and the weatherization assistance
2 program. ~~The-written-statement-shall-also-state~~

3 (2) A statement that the customer is advised to contact
4 the public utility to settle any of the customer's complaints
5 with the public utility, but if a complaint is not settled to
6 the customer's satisfaction, the customer may file-the do
7 either of the following:

8 (a) Pursue arbitration with the public utility regarding a
9 deposit or a disconnection from service, as described in
10 subsection 6.

11 (b) File a complaint with the board. ~~The-written-statement~~
12 ~~shall-include-the~~

13 (3) The address and phone number of the board.

14 (4) If the notice of pending disconnection of service
15 applies to a residence served by an investor-owned public
16 utility, the written statement shall advise that the
17 disconnection does not apply from November 1 through April
18 June 1 for-a-resident-who-is-a-"head-of-household",-as-defined
19 by-law,-and-who-has-been-certified-to-the-public-utility-by
20 the-local-agency-which-is-administering-the-low-income-home
21 energy-assistance-program-and-weatherization-assistance
22 program-as-being-eligible-for-either-the-low-income-home
23 energy-assistance-program-or-weatherization-assistance
24 program,-and-that-if-such-a-resident-resides-within-the
25 serviced-residence,-the-customer-should-promptly-have-the
26 qualifying-resident-notify-the-local-agency-which-is
27 administering-the-low-income-home-energy-assistance-program
28 and-weatherization-assistance-program if the customer meets
29 the conditions described in subsection 3, paragraph "a",
30 subparagraph (1) or (2).

31 c. The board shall establish rules requiring that the
32 written notice contain additional information as it deems
33 necessary and appropriate.

34 3. The board shall establish rules ~~which-shall-be-uniform~~
35 with respect to ~~all~~ public utilities furnishing gas or

1 electricity relating to disconnection of service. This
2 ~~subsection applies both to regulated utilities and to~~
3 ~~municipally-owned utilities and unincorporated villages which~~
4 ~~own their own distribution systems, and violations of this~~
5 ~~subsection subject the utilities to civil penalties under~~
6 ~~section 476.51. The limits imposed by this subsection shall~~
7 ~~be applied to investor-owned public utilities only, unless the~~
8 ~~board by rule extends the same limitations to all public~~
9 ~~utilities furnishing gas or electricity.~~

10 ~~A qualified applicant for the low-income home energy~~
11 ~~assistance program or the weatherization assistance program~~
12 ~~who is also a "head of household", as defined in section~~
13 ~~422.4, subsection 7, shall be promptly certified by the local~~
14 ~~agency administering the applicant's program to the~~
15 ~~applicant's public utility that the resident is a "head of~~
16 ~~household" as defined in section 422.4, subsection 7, and is~~
17 ~~qualified for the low-income home energy assistance program or~~
18 ~~weatherization assistance program. --Notwithstanding subsection~~
19 ~~47-a~~

20 a. An investor-owned public utility furnishing gas or
21 electricity shall not disconnect service from November 1
22 through April June 1 to a residence which has a resident that
23 has been certified under this paragraph, provided that one of
24 the following conditions is satisfied:

25 (1) The customer currently is, or has been, a participant
26 in any state or federal assistance program at any time during
27 the previous twelve months, or whose projected adjusted gross
28 income due to a demonstrated change in economic circumstances
29 would make the customer eligible for state or federal
30 assistance.

31 (2) The customer pays the lesser of a minimum of fifty
32 percent of the current monthly payment, or three hundred
33 dollars, for service during the months of November through
34 May, provided that the board finds that public utility bills
35 have or are likely to substantially increase due to causes

1 other than increased consumption due to weather conditions.

2 b. An investor-owned public utility furnishing gas or
3 electricity from November 1 through June 1 to a residential
4 customer meeting the conditions under either subparagraph (1)
5 or (2) of paragraph "a" shall also waive any late charge or
6 penalty on gas or electric utility bills covering service
7 provided during the period from November 1 through June 1.

8 c. A customer with a disability or medical need requiring
9 environmental control or assistive medical devices shall be
10 eligible for exemption from disconnection, provided that all
11 of the following conditions are satisfied:

12 (1) (a) The customer applies to the board on an
13 application form furnished by the board providing the
14 applicant's name, address, date of birth, and social security
15 number and shall also provide a statement from a physician
16 licensed under chapter 148, 149, 150, or 150A, a physician
17 assistant licensed under chapter 148C, an advanced registered
18 nurse practitioner licensed under chapter 152, or a
19 chiropractor licensed under chapter 151, or a physician,
20 physician assistant, nurse practitioner, or chiropractor
21 licensed to practice in a contiguous state, written on the
22 physician's, physician assistant's, nurse practitioner's, or
23 chiropractor's stationery, stating the nature of the
24 applicant's disability or medical need and such additional
25 information as required by rules adopted by the utilities
26 board. The physician's, physician assistant's, nurse
27 practitioner's, or chiropractor's statement shall state the
28 period of time during which the person is expected to be
29 disabled or the medical need is expected to exist.

30 (b) Any person providing false information with the intent
31 to defraud on the application for an exemption under this
32 paragraph "c" is subject to a civil penalty of one thousand
33 dollars that may be imposed by the utilities board, for
34 deposit in the energy assistance fund created in section
35 476.20A and used for arbitration services pursuant to

1 subsection 6.

2 (c) A physician, physician assistant, nurse practitioner,
3 or chiropractor who provides false information with the intent
4 to defraud on the physician's, physician assistant's, nurse
5 practitioner's, or chiropractor's statement used in
6 establishing proof is subject to a civil penalty of one
7 thousand dollars that may be imposed by the utilities board,
8 for deposit in the energy assistance fund created in section
9 476.20A and used for arbitration services pursuant to
10 subsection 6. In addition to the civil penalty, the
11 department shall revoke the exemption issued pursuant to this
12 subsection, and allow the public utility to impose all
13 applicable late fees and charges.

14 (2) During the time that the disability or medical need
15 requiring the environmental control or assistive medical
16 device is in existence, the customer makes a good faith effort
17 to pay the customer's utility bill and any outstanding
18 balance, according to the standards for payments reflecting
19 income guidelines established by rule by the utilities board.
20 If the customer does not meet the payment guidelines for two
21 consecutive months, either the public utility or the customer
22 may request that a new individual payment be established,
23 subject to arbitration if necessary.

24 3A. a. It is the intent of the general assembly that the
25 board review the metering and billing practices of the
26 utilities, and the related rules, on a regular basis. Meter
27 reading should be performed frequently for more accurate
28 customer billing.

29 b. If a utility estimates a meter reading, the next
30 monthly bill must accurately reflect the actual dates and
31 changes in fuel prices and temperatures during the estimated
32 month. The utility shall not apply its highest cost, or an
33 average cost, of fuel for the estimated month.

34 4. A public utility which that violates a provision of
35 this section relating to the disconnection of service or which

1 that violates a rule of the board relating to disconnection of
2 service is subject to civil penalties imposed by the board
3 under section 476.51.

4 5. The board shall establish rules ~~which shall be uniform~~
5 with respect to ~~all~~ public utilities furnishing gas or
6 electricity relating to deposits ~~which~~ that may be required by
7 the public utility for the initiation or reinstatement of
8 service. The limits imposed by this subsection shall be
9 applied to investor-owned public utilities only, unless the
10 board by rule extends the same limitations to all public
11 utilities furnishing gas or electricity.

12 a. The deposit for a residential ~~or commercial~~ customer
13 ~~for a place which has previously received service~~ shall not be
14 greater than ~~the highest billing of service for one month for~~
15 ~~the place in the previous twelve month period~~ two hundred
16 dollars.

17 b. The deposit for ~~a residential or~~ a commercial customer
18 ~~for a place which has not previously received service~~ or for
19 an industrial customer shall be one-half of the customer's
20 projected one month's usage for the place to be serviced as
21 determined by the public utility according to rules
22 established by the board.

23 c. This subsection does not prohibit a public utility from
24 requiring payment of a customer's past due account with the
25 utility prior to reinstatement of service; however, a customer
26 can appeal this decision and require arbitration pursuant to
27 subsection 6.

28 d. The rules shall allow a person other than the customer
29 to pay the customer's deposit. Upon termination of service to
30 such a customer, the deposit plus accumulated interest less
31 any unpaid utility bill of the customer, shall be reimbursed
32 to the person who made the deposit.

33 6. Arbitration services shall be available for customers
34 who cannot meet the payment guidelines established by rule
35 under subsection 3, or who appeal a determination of a public

1 utility under subsection 5.

2 a. The arbitration services shall be provided to the
3 fullest extent possible by nonprofit organizations providing
4 such services, and shall be supplemented as necessary by
5 services provided with funds from the energy assistance fund
6 created in section 476.20A.

7 b. Public utilities shall notify customers that they have
8 the right to proceed to binding arbitration with the public
9 utility, if direct negotiation in resolving payment or deposit
10 disputes with the public utility is unsuccessful.

11 c. The parties shall accept an arbitrator's decision as
12 binding. The customer shall make the payment according to the
13 terms of the decision, and the public utility shall accept the
14 payment as payment in full from the customer.

15 d. The board shall adopt rules pursuant to chapter 17A to
16 implement the arbitration process.

17 Sec. 15. NEW SECTION. 476.20A ENERGY ASSISTANCE FUND.

18 1. An energy assistance fund is created in the state
19 treasury. Moneys deposited in the fund shall be used as
20 follows:

21 a. For arbitration services under section 476.20.

22 b. To increase energy efficiency and weatherization.

23 c. To support research for and the use of emerging energy
24 technology.

25 2. The energy assistance fund may receive moneys
26 including, but not limited to, the following:

27 a. Moneys appropriated by the general assembly for the
28 fund.

29 b. Moneys credited to the fund under section 476.20.

30 c. Contributions from customer utility bills under
31 subsection 3.

32 d. Any other moneys available to, obtained, or accepted by
33 the board for placement in the fund.

34 3. Each utility shall periodically notify its customers of
35 the availability and purpose of the fund and provide them with

1 forms on which they can authorize the utility to bill a
2 contribution to the fund on a monthly basis. The board shall
3 adopt rules pursuant to chapter 17A regarding such
4 contributions.

5 4. Notwithstanding section 12C.7, subsection 2, interest
6 or earnings on moneys deposited in the energy assistance fund
7 shall be credited to the fund. Notwithstanding section 8.33,
8 moneys remaining in the energy assistance fund at the end of a
9 fiscal year shall not revert to the general fund of the state.

10 Sec. 16. Section 476.44, subsection 2, Code 2001, is
11 amended to read as follows:

12 2. An electric utility subject to this division, except a
13 utility which that elects rate regulation pursuant to section
14 476.1A, shall not be required to purchase, at any one time,
15 more than its share of one-hundred-five-megawatts-of-power
16 twenty percent of its Iowa retail load from alternative energy
17 production facilities or small hydro facilities at the rates
18 established pursuant to section 476.43. The board shall
19 allocate the one-hundred-five-megawatts twenty percent based
20 upon each utility's percentage of the total Iowa retail peak
21 demand, for the each year, beginning January 1, 1990, of all
22 utilities subject to this section. If a utility undergoes
23 reorganization as defined in section 476.76, the board shall
24 combine the allocated purchases of power for each utility
25 involved in the reorganization.

26 Notwithstanding the one-hundred-five-megawatt twenty
27 percent maximum, the board may increase the amount of power
28 that a utility is required to purchase at the rates
29 established pursuant to section 476.43 if the board finds that
30 a utility, including a reorganized utility, exceeds its 1990
31 previous Iowa retail peak demand level by twenty percent, and
32 the additional power the utility is required to purchase will
33 encourage the development of alternate energy production
34 facilities and small hydro facilities. The increase shall not
35 exceed the utility's increase in peak demand multiplied by the

1 ratio of the utility's share of the ~~one-hundred-five-megawatt~~
2 twenty percent maximum to its ~~1990~~ Iowa retail peak demand.

3 Sec. 17. Section 476.77, Code 2001, is amended by adding
4 the following new subsection:

5 NEW SUBSECTION. 3A. The board may require additional
6 reasonable terms and conditions to be added to the proposal
7 for a merger as a condition for granting approval to the
8 merger. Such additional terms and conditions shall protect
9 the interests of ratepayers, or the public interest.

10 Sec. 18. NEW SECTION. 476A.20 DEFINITIONS.

11 For purposes of this subchapter, unless the context
12 otherwise requires:

13 1. "Electric power agency" means an entity as defined in
14 section 28F.2.

15 2. "Facility" means an electric power generating plant, or
16 transmission line or system, as defined in section 476A.1.

17 3. "Public bond or obligation" means an obligation as
18 defined in section 76.14.

19 Sec. 19. NEW SECTION. 476A.21 ELECTRIC POWER AGENCY --
20 GENERAL AUTHORITY.

21 In addition to other powers conferred upon an electric
22 power agency by chapter 28F or other applicable law, an
23 electric power agency may enter into and carry out joint
24 agreements with other participants for the acquisition of
25 ownership of a joint facility and for the planning, financing,
26 operation, and maintenance of the joint facility, as provided
27 in this subchapter.

28 Sec. 20. NEW SECTION. 476A.22 ELECTRIC POWER AGENCY --
29 AUTHORITY -- CONFLICTING PROVISIONS.

30 1. In addition to any powers conferred upon an electric
31 power agency under chapter 28F or other applicable law, an
32 electric power agency may exercise all other powers reasonably
33 necessary or appropriate for or incidental to the effectuation
34 of the electric power agency's authorized purposes, including
35 without limitation, the powers enumerated in chapters 6A and

1 6B for purposes of constructing or acquiring an electric power
2 facility.

3 2. An electric power agency, in connection with its
4 property and affairs, and in connection with property within
5 its control, may exercise any and all powers that might be
6 exercised by a natural person or a private corporation in
7 connection with similar property and affairs.

8 3. The enumeration of specified powers and functions of an
9 electric power agency in this subchapter is not a limitation
10 of the powers of an electric power agency, but the procedures
11 prescribed for exercising the powers and functions enumerated
12 in this subchapter control and govern in the event of any
13 conflict with any other provision of law.

14 4. The authority conferred pursuant to this subchapter
15 applies to electric power agencies, notwithstanding any
16 contrary provisions of section 28F.1.

17 Sec. 21. NEW SECTION. 476A.23 ISSUANCE OF PUBLIC BONDS
18 OR OBLIGATIONS -- PURPOSES -- LIMITATIONS.

19 1. An electric power agency may from time to time issue
20 its public bonds or obligations in such principal amounts as
21 the electric power agency deems necessary to provide
22 sufficient funds to carry out any of its purposes and powers,
23 including but not limited to any of the following:

24 a. The acquisition or construction of any project to be
25 owned or leased by the electric power agency, or the
26 acquisition of any interest in such project or any right to
27 the capacity of such project.

28 b. The funding or refunding of the principal of, or
29 interest or redemption premiums on, any public bonds or
30 obligations issued by the electric power agency whether or not
31 the public bonds or obligations or interest to be funded or
32 refunded have become due.

33 c. The establishment or increase of reserves to secure or
34 to pay the public bonds or obligations or interest on the
35 public bonds or obligations.

1 d. The payment of all other costs or expenses of the
2 electric power agency incident to and necessary to carry out
3 its purposes and powers.

4 2. Notwithstanding anything in this subchapter or chapter
5 28F to the contrary, an electric power facility shall not be
6 financed with the proceeds of public bonds or obligations, the
7 interest on which is exempt from federal income tax, unless
8 the public issuer of such public bonds or obligations
9 covenants that the issuer shall comply with the requirements
10 or limitations imposed by the Internal Revenue Code or other
11 applicable federal law to preserve the tax exemption of
12 interest payable on the bonds or obligations.

13 Sec. 22. NEW SECTION. 476A.24 PUBLIC BONDS OR
14 OBLIGATIONS AUTHORIZED BY RESOLUTION OF BOARD -- TERMS.

15 1. The board of directors of an electric power agency, by
16 resolution, may authorize the issuance of public bonds or
17 obligations of the electric power agency.

18 2. The public bonds or obligations may be issued in one or
19 more series under the resolution or under a trust indenture or
20 other security agreement.

21 3. The resolution, trust indenture, or other security
22 agreement, with respect to such public bonds or obligations,
23 shall provide for all of the following:

- 24 a. The date on the public bonds or obligations.
25 b. The time of maturity.
26 c. The rate of interest.
27 d. The denomination.
28 e. The form, either coupon or registered.
29 f. The conversion, registration, and exchange privileges.
30 g. The rank or priority.
31 h. The manner of execution.
32 i. The medium of payment, including the place of payment,
33 either within or outside of the state.
34 j. The terms of redemption, either with or without
35 premium.

1 k. Such other terms and conditions as set forth by the
2 board in the resolution, trust indenture, or other security
3 agreement.

4 4. Public bonds or obligations authorized by the board of
5 directors shall not be subject to any restriction under other
6 law with respect to the amount, maturity, interest rate, or
7 other terms of obligation of a public agency or private
8 person.

9 5. Chapter 75 shall not apply to public bonds or
10 obligations authorized by the board of directors as provided
11 in this section.

12 Sec. 23. NEW SECTION. 476A.25 PUBLIC BONDS OR
13 OBLIGATIONS PAYABLE SOLELY FROM AGENCY REVENUES OR FUNDS.

14 1. The principal of and interest on any public bonds or
15 obligations issued by an electric power agency shall be
16 payable solely from the revenues or funds pledged or available
17 for their payment as authorized in this subchapter.

18 2. Each public bond or obligation shall contain all of the
19 following terms:

20 a. That the principal of or interest on such public bonds
21 or obligation is payable solely from revenues or funds of the
22 electric power agency.

23 b. That neither the state nor a political subdivision of
24 the state other than the electric power agency, nor a public
25 agency that is a member of the electric power agency is
26 obligated to pay the principal or interest on such public
27 bonds or obligations.

28 c. That neither the full faith and credit nor the taxing
29 power of the state, of any political subdivision of the state,
30 or of any such public agency is pledged to the payment of the
31 principal of or the interest on the public bonds or
32 obligations.

33 Sec. 24. NEW SECTION. 476A.26 PUBLIC BONDS OR
34 OBLIGATIONS -- TYPES -- SOURCES FOR PAYMENT -- SECURITY.

35 1. Except as otherwise expressly provided by this

1 subchapter or by the electric power agency, every issue of
2 public bonds or obligations of the electric power agency shall
3 be payable out of any revenues or funds of the electric power
4 agency, subject only to any agreements with the holders of
5 particular public bonds or obligations pledging any particular
6 revenues or funds.

7 2. An electric power agency may issue types of public
8 bonds or obligations as it may determine, including public
9 bonds or obligations as to which the principal and interest
10 are payable exclusively from the revenues from one or more
11 projects, or from an interest in such project or projects, or
12 a right to capacity of such project or projects, or from any
13 revenue-producing contract made by the electric power agency
14 with any person, or from its revenues generally.

15 3. Any public bonds or obligations may be additionally
16 secured by a pledge of any grant, subsidy, or contribution
17 from any public agency or other person, or a pledge of any
18 income or revenues, funds, or moneys of the electric power
19 agency from any other source.

20 Sec. 25. NEW SECTION. 476A.27 PUBLIC BONDS OR
21 OBLIGATIONS AND RATES FOR DEBT SERVICE NOT SUBJECT TO STATE
22 APPROVAL.

23 Public bonds or obligations of an electric power agency may
24 be issued under this subchapter, and rents, rates, and charges
25 may be established in the same manner as provided in section
26 28F.5 and pledged for the security of public bonds or
27 obligations and interest and redemption premiums on such
28 public bonds or obligations, without obtaining the consent of
29 any department, division, commission, board, bureau, or agency
30 of the state and without any other proceeding or the happening
31 of any other condition or occurrence, except as specifically
32 required by this subchapter.

33 Sec. 26. NEW SECTION. 476A.28 PUBLIC BONDS OR
34 OBLIGATIONS TO BE NEGOTIABLE.

35 All public bonds or obligations of an electric power agency

1 shall be negotiable within the meaning and for all of the
2 purposes of the uniform commercial code, chapter 554, subject
3 only to the registration requirement of section 76.10.

4 Sec. 27. NEW SECTION. 476A.29 VALIDITY OF PUBLIC BONDS
5 OR OBLIGATIONS AT DELIVERY -- TEMPORARY BONDS.

6 1. Any public bonds or obligations may be issued and
7 delivered, notwithstanding that one or more of the officers
8 executing them shall have ceased to hold office at the time
9 when the public bonds or obligations are actually delivered.

10 2. Pending preparation of definitive bonds or obligations,
11 an electric power agency may issue temporary bonds or
12 obligations that shall be exchanged for the definitive bonds
13 or obligations upon their issuance.

14 Sec. 28. NEW SECTION. 476A.30 PUBLIC OR PRIVATE SALE OF
15 BONDS AND NOTES.

16 Public bonds or obligations of an electric power agency may
17 be sold at public or private sale for a price and in a manner
18 determined by the electric power agency.

19 Sec. 29. NEW SECTION. 476A.31 PUBLIC BONDS OR
20 OBLIGATIONS AS SUITABLE INVESTMENTS FOR GOVERNMENTAL UNITS,
21 FINANCIAL INSTITUTIONS, AND FIDUCIARIES.

22 The following persons may legally invest any debt service
23 funds, money, or other funds belonging to such person or
24 within such person's control in any public bonds or
25 obligations issued pursuant to this subchapter:

26 1. A bank, trust company, savings association, building
27 and loan association, savings and loan association, or
28 investment company.

29 2. An insurance company, insurance association, or any
30 other person carrying on an insurance business.

31 3. An executor, administrator, conservator, trustee, or
32 other fiduciary.

33 4. Any other person authorized to invest in bonds or
34 obligations of the state.

35 Sec. 30. NEW SECTION. 476A.32 RESOLUTION, TRUST

1 INDENTURE, OR SECURITY AGREEMENT CONSTITUTES CONTRACT --
2 PROVISIONS.

3 The resolution, trust indenture, or other security
4 agreement under which any public bonds or obligations are
5 issued shall constitute a contract with the holders of the
6 public bonds or obligations, and may contain provisions, among
7 others, prescribing any of the following terms:

8 1. The terms and provisions of the public bonds or
9 obligations.

10 2. The mortgage or pledge of and the grant of a security
11 interest in any real or personal property and all or any part
12 of the revenue from any project or any revenue producing
13 contract made by the electric power agency with any person to
14 secure the payment of public bonds or obligations, subject to
15 any agreements with the holders of public bonds or obligations
16 which might then exist.

17 3. The custody, collection, securing, investment, and
18 payment of any revenues, assets, money, funds, or property
19 with respect to which the electric power agency may have any
20 rights or interest.

21 4. The rates or charges for electric energy sold by, or
22 services rendered by, the electric power agency, the amount to
23 be raised by the rates or charges, and the use and disposition
24 of any or all revenue.

25 5. The creation of reserves or debt service funds and the
26 regulation and disposition of such reserves or funds.

27 6. The purposes to which the proceeds from the sale of any
28 public bonds or obligations to be issued may be applied, and
29 the pledge of the proceeds to secure the payment of the public
30 bonds or obligations.

31 7. Limitations on the issuance of any additional public
32 bonds or obligations, the terms upon which additional public
33 bonds or obligations may be issued and secured, and the
34 refunding of outstanding public bonds or obligations.

35 8. The rank or priority of any public bonds or obligations

1 with respect to any lien or security.

2 9. The creation of special funds or moneys to be held for
3 operating expenses, payment, or redemption of public bonds or
4 obligations, reserves or other purposes, and the use and
5 disposition of moneys held in these funds.

6 10. The procedure by which the terms of any contract with
7 or for the benefit of the holders of public bonds or
8 obligations may be amended or abrogated, the amount of public
9 bonds or obligations the holders of which must consent to such
10 amendment or abrogation, and the manner in which consent may
11 be given.

12 11. The definition of the acts or omissions to act that
13 constitute a default in the duties of the electric power
14 agency to holders of its public bonds or obligations, and the
15 rights and remedies of the holders in the event of default
16 including, if the electric power agency so determines, the
17 right to accelerate the date of the maturation of the public
18 bonds or obligations or the right to appoint a receiver or
19 receivers of the property or revenues subject to the lien of
20 the resolution, trust indenture, or other security agreement.

21 12. Any other or additional agreements with or for the
22 benefit of the holders of public bonds or obligations or any
23 covenants or restrictions necessary or desirable to safeguard
24 the interests of the holders.

25 13. The custody of any of the electric power agency's
26 property or investments, the safekeeping of such property or
27 investments, the insurance to be carried on such property or
28 investments, and the use and disposition of insurance
29 proceeds.

30 14. The vesting in a trustee or trustees, within or
31 outside the state, of such property, rights, powers, and
32 duties as the electric power agency may determine; or the
33 limiting or abrogating of the rights of the holders of any
34 public bonds or obligations to appoint a trustee, or the
35 limiting of the rights, powers, and duties of such trustee.

1 15. The appointment of and the establishment of the duties
2 and obligations of any paying agent or other fiduciary within
3 or outside the state.

4 Sec. 31. NEW SECTION. 476A.33 MORTGAGE OR TRUST DEED TO
5 SECURE BONDS.

6 For the security of public bonds or obligations issued or
7 to be issued by an electric power agency, the electric power
8 agency may mortgage or execute deeds of trust of the whole or
9 any part of its property.

10 Sec. 32. NEW SECTION. 476A.34 NO PERSONAL LIABILITY ON
11 PUBLIC BONDS OR OBLIGATIONS.

12 An official, director, member of an electric power agency,
13 or any person executing public bonds or obligations shall not
14 be liable personally on the public bonds or obligations or be
15 subject to any personal liability or accountability by reason
16 of the issuance of such public bonds or obligations.

17 Sec. 33. NEW SECTION. 476A.35 REPURCHASE OF SECURITIES.

18 An electric power agency may purchase public bonds or
19 obligations out of any funds available for such purchase, and
20 hold, pledge, cancel, or resell the public bonds or
21 obligations, subject to and in accordance with any agreements
22 with the holders.

23 Sec. 34. NEW SECTION. 476A.36 PLEDGE OF REVENUE AS
24 SECURITY.

25 An electric power agency may pledge its rates, rents, and
26 other revenues, or any part of such rates, rents, and
27 revenues, as security for the repayment, with interest and
28 redemption premiums, if any, of the moneys borrowed by the
29 electric power agency or advanced to the electric power agency
30 for any of its authorized purposes and as security for the
31 payment of moneys due and owed by the electric power agency
32 under any contract.

33 Sec. 35. CODE EDITOR DIRECTIVE. The Code editor shall
34 change references to "this chapter" in sections 476A.1 through
35 476A.15 as necessary and appropriate to reflect the addition

1 approve or amend the budget request prepared by the director
2 for programs authorized under Code chapter 473, and advise the
3 governor on developing energy policy. A related amendment is
4 made to Code section 455A.6 to remove Code chapter 473 from
5 the jurisdiction of the environmental protection commission.

6 The bill amends Code section 473.1, to name the energy
7 commission as the commission responsible for the chapter.

8 The bill amends Code section 473.3, to express the policy
9 of the state regarding energy efficiency.

10 The bill amends Code section 473.7, to provide that the
11 energy commission assume the duties of the department under
12 Code chapter 473, including development of a plan for the
13 development, management, and efficient utilization of all
14 energy resources in the state, to be presented to the general
15 assembly by February 1, 2003, and updated on a biennial basis.
16 The commission shall also be a repository for energy data, and
17 is directed to collect data necessary to forecast future
18 energy demands.

19 The bill creates new Code section 473.14, regarding
20 implementation of energy conservation measures for school
21 corporations. Any energy efficiency project approved by the
22 commission that is completed by a school corporation subject
23 to Code section 298.18 is exempt from the bonded debt levy
24 limits in Code section 298.18. The school corporation must
25 submit an energy management plan, an energy audit, and an
26 engineering analysis of the energy conservation measures. The
27 school corporation must report annually to the commission, and
28 make such report available to the residents of the election
29 district for the school corporation.

30 The bill amends Code section 473.17 to provide that the
31 Eighty-first General Assembly shall review the activities and
32 performance of the commission in 2005, and make a
33 determination regarding the status and duties of the
34 commission. The review will be performed every 10 years
35 thereafter.

1 The bill adds a new subsection to Code section 476.2 to
2 provide that the utilities board shall emphasize the
3 maintenance of a safe, reliable, and adequate power system
4 through application of standards, construction of adequate
5 generation and transmission, and maintenance of the existing
6 power grid. The bill amends another subsection to provide
7 that the utilities board shall provide a report to the energy
8 commission on the following subjects: (1) an analysis of the
9 level of investment and incentive required to increase the
10 energy generated from alternative or renewable sources by 10,
11 20, and 30 percent; (2) recommendations for promoting
12 investment in integrated small-scale renewable energy systems;
13 (3) an analysis of the costs and benefits of generating and
14 transmitting electricity from renewable sources, and a
15 proposal for a formula for establishing a fair cost for
16 transmitting electricity from renewable sources; (4)
17 recommendations regarding establishing of a standard system
18 for net metering and connecting renewable electricity
19 generators to the electric transmission grid.

20 The bill amends Code section 476.3 to provide that the
21 board shall not order a refund in a rate case that is greater
22 than the amount specified in the petition, plus interest. The
23 interest rate is the same as for cases under Code section
24 476.6.

25 The bill amends Code section 476.6 to provide that the
26 utilities board immediately reinstate the filing and
27 evaluation of energy efficiency plans by gas and electric
28 utilities. The bill adds that the plans shall include rebates
29 for the purchase and use of energy efficient appliances, and a
30 small business energy assistance program developed by the
31 energy commission. Utilities are required to make energy
32 audits available for all customers.

33 The bill adds a new subsection to Code section 476.8 to
34 provide that the utilities board has the authority to order a
35 rate-regulated public utility to construct an electric

1 generating facility, transmission facility, or both, as
2 necessary to ensure continued electric reliability, and to
3 maintain reasonably adequate, reliable, safe, and cost-
4 efficient electric service to Iowa consumers. The prudent and
5 reasonable costs incurred in construction and operation shall
6 be included in rates.

7 The bill amends Code section 476.20 to provide that an
8 investor-owned public utility furnishing gas or electricity is
9 prohibited from disconnecting service from November 1 through
10 June 1, provided that the customer either currently is or has
11 been a participant in any state or federal assistance program
12 at any time during the previous 12 months, or pays the lesser
13 of a minimum of 50 percent of the current monthly payment or
14 \$300 for service during the months of November through May,
15 provided that the board finds that public utility bills have
16 or are likely to substantially increase due to causes other
17 than increased consumption due to weather conditions. Late
18 charges are waived for such consumers, as well.

19 A customer with a disability or medical need requiring
20 environmental control or assistive medical devices is eligible
21 for exemption from disconnection, by applying to the utilities
22 board and presenting a medical statement from a licensed
23 health care professional. A person submitting false
24 information with the intent to defraud is subject to a civil
25 penalty of \$1,000. The bill provides for establishment of
26 payment standards according to income guidelines for persons
27 with such disabilities, and provides for arbitration if
28 necessary, if the consumer is unable to meet the payment
29 guidelines for two consecutive months.

30 The bill states that it is the intent of the general
31 assembly for the utilities board to review the metering and
32 billing practices of utilities, and the related rules, on a
33 regular basis. Meter reading should be performed more
34 frequently for more accurate customer billing. If a utility
35 estimates a meter reading, the utility shall not apply its

1 highest cost, or an average cost, of fuel for the estimated
2 month.

3 The bill provides for a \$200 deposit for residential
4 utilities, and for one-half of a projected one-month usage for
5 a commercial customer.

6 The bill provides for binding arbitration services for
7 customers who cannot meet payment guidelines under Code
8 section 476.20, or who appeal a determination of a public
9 utility to require payment of a customer's past due account
10 prior to reinstating service. The arbitration services shall
11 be provided by nonprofit organizations to the fullest extent
12 possible, and shall be supplemented as necessary by services
13 provided with funds provided from the energy assistance fund
14 created in Code section 476.20A.

15 The energy assistance fund in Code section 476.20A is
16 intended for use for arbitration services under Code section
17 476.20, to increase energy efficiency and weatherization, and
18 to support research for and the use of emerging energy
19 technology. The fund receives moneys from civil penalties
20 under Code section 476.20 and utility customer contribution,
21 among other sources.

22 The bill amends Code section 476.44 to provide that
23 required purchases from alternate energy production facilities
24 shall be subject to a maximum of 20 percent of a utility's
25 Iowa retail load.

26 This bill creates new sections of Code chapter 476A,
27 regarding electric power generators, that address joint
28 agreements for the acquisition of ownership, and for the
29 planning, financing, operation, and maintenance of joint
30 facilities devoted to electric power generation and
31 transmission, and providing for the bonding authority of
32 electric power agencies.

33 The bill creates new Code section 476A.20, which provides
34 definitions for "electric power agency", "facility", and
35 "public bond or obligation". "Electric power agency" means an

1 entity as defined in Code section 28F.2, which is an entity
2 financing or acquiring electric power facilities pursuant to
3 Code chapter 28F or Code chapter 28E. "Public bond or
4 obligation" means an obligation as defined in Code section
5 76.14, which is any obligation issued by or on behalf of the
6 state, an agency of the state, or a political subdivision of
7 the state. A "facility" is an electric power generating
8 plant, or transmission line or system, as defined in Code
9 section 476A.1.

10 The bill creates new Code section 476A.21, providing for
11 the general authority of an electric power agency to enter
12 into and carry out joint agreements with other participants
13 for the acquisition of ownership of a joint facility, and for
14 the planning, financing, operation, and maintenance of the
15 joint facility.

16 The bill creates new Code section 476A.22, providing for
17 the electric power agency to exercise all powers necessary and
18 appropriate, that might be exercised by a natural person or
19 private corporation, for constructing or acquiring an electric
20 power facility. The new Code sections added to Code chapter
21 476A shall govern in the event of conflict.

22 The bill adds new Code section 476A.23, providing for the
23 issuance of public bonds to carry out any purposes and powers,
24 including the following: (1) the acquisition or construction
25 of any project to be owned or leased by the electric power
26 agency, or any interest in, or any right to the capacity of
27 such project; (2) the funding or refunding of the principal,
28 interest, or redemption premiums relating to any public bonds
29 or obligations issued by the electric power agency, whether or
30 not the public bonds or obligations or interest have become
31 due; (3) the establishment or increase of reserves to secure
32 or to pay the public bond or obligations or interest; (4) the
33 payment of all other costs or expenses of the electric power
34 agency necessary to carry out its purposes and powers. An
35 electric power facility shall not be financed with the

1 proceeds from public bonds or obligations, the interest on
2 which is exempt from federal income tax, unless the public
3 issuer of such public bonds or obligations promises that the
4 issuer shall comply with the requirements of the Internal
5 Revenue Code to preserve the tax exemption of interest payable
6 on the bonds or obligations.

7 The bill enacts new Code section 476A.24, regarding public
8 bonds or obligations authorized by resolution of the board of
9 directors of the electric power agency, or under a trust
10 indenture or other security agreement, that must specifically
11 address a list of facts about the bonds. The bonds may be
12 issued in one or more series, and must not be subject to any
13 restriction under other law regarding the amount, maturity,
14 interest rate, or other terms of obligation of a public agency
15 or private person. Code chapter 75, regarding the
16 authorization and sale of public bonds, does not apply to
17 public bonds or obligations authorized under Code section
18 476A.24.

19 This bill creates new Code section 476A.25, regarding
20 public bonds or obligations payable solely from agency
21 revenues or funds. The principal of and interest upon any
22 public bonds and obligations issued by an electric power
23 agency shall be payable solely from the revenues or funds
24 pledged or available for their payment. Each public bond or
25 obligation shall contain all of the following terms: (1) that
26 the principal of or interest on such public bonds or
27 obligation is payable solely from revenues or funds of the
28 electric power agency; (2) that neither the state, or a
29 political subdivision of the state other than the electric
30 power agency, nor a public agency that is a member of the
31 electric power agency is obligated to pay the principal or
32 interest on such public bonds or obligations; (3) that the
33 full faith and credit or the taxing power of the state or any
34 political subdivision of the state or of any such public
35 agency is not pledged to the payment of the principal of or

1 the interest on the public bonds or obligations.

2 The bill creates new Code section 476A.26, regarding
3 sources for payment and security for public bonds and
4 obligations. Public bonds or obligations are payable from the
5 revenues or funds of the electric power agency, subject to any
6 agreements with holders of particular public bonds or
7 obligations pledging any particular revenues or funds. An
8 electric power agency may issue types of public bonds or
9 obligations as it may determine, including that where the
10 principal and interest are payable exclusively from the
11 revenues from one or more projects or from interest in such
12 project or projects, or a right to capacity of such project or
13 projects, or from any revenue-producing contract made by the
14 electric power agency with any person. Any public bonds or
15 obligations may be secured by a pledge of any grant, subsidy,
16 or contribution from any public agency or other person, or a
17 pledge of any income or revenues, funds, or moneys of the
18 electric power agency from any other source.

19 The bill creates new Code section 476A.27, which provides
20 that public bonds or obligations of an electric power agency
21 may be issued pursuant to the new Code sections established
22 under Code chapter 476A, and rates may be established in the
23 same manner as provided in Code section 28F.5 without the
24 consent of any department of the state. New Code section
25 476A.28 provides that all public bonds or obligations of an
26 electric power agency shall be negotiable within the meaning
27 of the uniform commercial code.

28 New Code section 476A.29 provides that the electric power
29 agency may issue temporary bonds or obligations that shall be
30 exchanged for the definitive bonds or obligations upon their
31 issuance, and that public bonds or obligations may be issued
32 and delivered notwithstanding that one or more of the officers
33 executing them shall have ceased to hold office at the time
34 when the public bonds or obligations are actually delivered.

35 New Code section 476A.30 provides that public bonds or

1 obligations of an electric power agency may be sold at public
2 or private sale for a price and in a manner determined by the
3 electric power agency. New Code section 476A.31 provides that
4 the following persons may legally invest any debt service
5 funds, money, or other funds belonging to such person or
6 within such person's control in any public bonds or
7 obligations issued pursuant to the new Code sections added to
8 Code chapter 476A: (1) a bank, trust company, savings
9 association, building and loan association, savings and loan
10 association, or investment company; (2) an insurance company,
11 insurance association, or any other person carrying on an
12 insurance business; (3) an executor, administrator,
13 conservator, trustee, or other fiduciary; (4) any other person
14 authorized to invest in bonds or obligations of the state.

15 The bill creates new Code section 476A.32, providing that
16 the resolution, trust indenture, or other security agreement
17 under which any public bonds or obligations are issued shall
18 constitute a contract with the holders of the public bonds or
19 obligations. Code section 476A.32 also provides that the
20 document may contain provisions, among others, that address
21 the following terms: (1) the terms and provisions of the
22 public bonds or obligations; (2) the mortgage or pledge of and
23 the grant of a security interest in any real or personal
24 property and all or any part of the revenue from any project
25 or any revenue-producing contract made by the electric power
26 agency with any person to secure the payment of the public
27 bonds or obligations, subject to any agreements with the
28 holders of public bonds or obligations which might then exist;
29 (3) the custody, collection, securing, investment, and payment
30 of any revenues, assets, money, funds, or property with
31 respect to which the electric power agency may have any rights
32 or interest; (4) the rates or charges for electric energy sold
33 by, or services rendered by, the electric power agency, the
34 amount to be raised by the rates or charges, and the use and
35 disposition of any or all revenue; (5) the creation of

1 reserves or debt service funds and the regulation and
2 disposition of such reserves or funds; (6) the purposes to
3 which the proceeds from the sale of any public bonds or
4 obligations to be issued may be applied, and the pledge of the
5 proceeds to secure the payment of the public bonds or
6 obligations; (7) limitations on the issuance of any additional
7 public bonds or obligations, the terms upon which additional
8 public bonds or obligations may be issued and secured, and the
9 refunding of outstanding public bonds or obligations; (8) the
10 rank or priority of any public bonds or obligations with
11 respect to any lien or security; (9) the creation of special
12 funds or moneys to be held for operating expenses, payment or
13 redemption of public bonds or obligations, reserves, or other
14 purposes, and the use and disposition of moneys held in these
15 funds; (10) the procedure by which the terms of any contract
16 with or for the benefit of the holders of the public bonds or
17 obligations may be amended or abrogated, the amount of public
18 bonds or obligations the holders of which must consent to such
19 amendment or abrogation, and the manner in which consent may
20 be given; (11) the definition of the acts or omissions to act
21 that shall constitute a default in the duties of the electric
22 power agency to holders of its public bonds or obligations,
23 and the rights and remedies of the holders in the event of
24 default, including, if the electric power agency so
25 determines, the right to accelerate the due date of the
26 maturation of the public bonds or obligations or the right to
27 appoint a receiver of the property or revenues; (12) any other
28 agreements for the benefit of the holders of the public bonds
29 or obligations; (13) the custody, safekeeping, and insurance
30 for any of the electric power agency's property or
31 investments, including the use and disposition of insurance
32 proceeds; (14) the vesting of rights, powers, and duties in a
33 trustee; the limiting or abrogating of the rights of the
34 holders of any public bonds or obligations to appoint a
35 trustee; or the limiting or the rights, powers, and duties of

1 such trustee; (15) the appointment and establishment of duties
2 and obligations of any paying agent or other fiduciary.

3 The bill creates new Code section 476A.33, providing that
4 the electric power agency may mortgage or execute deeds of
5 trust of the whole or any part of its property for the
6 security of public bonds or obligations issued or to be
7 issued.

8 New Code section 476A.34 provides that an official,
9 director, member of an electric power agency, or any person
10 executing public bonds or obligations shall not be personally
11 liable on the public bonds or obligations, or be subject to
12 personal liability or accountability by issuance of the public
13 bonds or obligations.

14 New Code section 476A.35 provides that an electric power
15 agency may purchase public bonds or obligations out of any
16 funds available for such purchase, and may hold, pledge,
17 cancel, or resell the public bonds or obligations in
18 accordance with any agreements with the holders.

19 New Code section 476A.36 provides that an electric power
20 agency may pledge its rates, rents, and other revenues as
21 security for the repayment and payment of moneys due and owed
22 by it under any contract.

23 The bill provides that the Code editor may change the use
24 of the term "this chapter" in the remainder of Code chapter
25 476A to accommodate the addition of the new subchapter.

26 The bill also makes an appropriation of \$40 million for the
27 fiscal period from July 1, 2001, through June 30, 2003, for
28 low-income heating energy assistance to eligible low-income
29 customers of rate-regulated utilities.

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