

I was asked to provide some comments on SF2311 as passed by the House. The Office of Consumer Advocate represents customers in utility related matters. We were disappointed that we were not consulted in the drafting of SF 2311 and that it was not drafted as a win-win utility bill, good for utilities and good for customers. As passed by the House, SF 2311 is a utility bill good for utilities that will result ultimately in higher rates for customers. The version passed by the House has tempered some provisions making them less onerous to consumers in the future.

Some provisions in which we still have some concerns are:

House Amendment Section 4 deletes Iowa Code 476.1A(1)(g) review of energy efficiency plans of electric public utilities having less than ten thousand customers. The Iowa Utilities Board has expertise in energy efficiency and is uniquely qualified to perform oversight on behalf of customers.

House Amendment Section 9 in Iowa Code 476.6(15)(e) allows a customer to opt out of energy efficiency plans in certain instances. MidAmerican's energy efficiency plan estimates a ratepayer electric impact of less than 1 thus triggering the opt-out eligibility. IPL could reach the same threshold with minor modifications. This change will reduce energy efficiency in programs going forward. Additionally, this allows customers like industrial users to opt-out of energy efficiency and remain in demand response where rate reductions are primarily financed by residential customers. The opt-out if allowed should require the customer to opt-out from both energy efficiency and demand response for equity purposes.

House Amendment Section 11 in Iowa Code 476.6(15)(b) alters energy efficiency by setting a maximum threshold plan amount less than the amount in current energy efficiency plans. This change will reduce energy efficiency in programs going forward. Energy efficiency has saved millions of dollars in energy savings and benefits all customers with lower rates. It has added thousands of jobs in energy efficiency across Iowa. The Iowa Energy Plan issued one year ago under then Lt. Governor Reynolds as chair was correct when it stated "Energy Efficiency is often referred to as a 'least-cost resource' meaning that it is the single most cost-effective tool within an energy portfolio.... A major result of energy efficiency programs are that they generate a sustained cycle of circumvented costs, and as such, lower energy prices. These types of projects also tend to result in reinvestment of local dollars in local jobs and industries." Energy efficiency is working well. Energy use by residential and commercial customers is decreasing. All customers benefit in lower energy costs when energy usage is reduced.

House Amendment Section 14 amends Iowa Code 476.6 by adding a new subsection 23 mandating the Board approve any proposal filed by a rate-regulated gas or electric utility to pass federal tax reduction benefits on to customers. First, the Board has already approved reduction of benefits for customers on April 18 and 20 for the large three rate-regulated electric and gas utilities. The press release issued April 30 stated:

The Iowa Utilities Board issued multiple orders this week approving an estimated \$78.7 million in savings for utility customers based on the IUB's investigation and review of the tax refund proposals filed with the IUB by MidAmerican

Energy, Alliant Energy-Interstate Power and Light, and Black Hills Energy regarding the 2017 federal tax reform law.

Additionally, the new subsection sets no standards for the proposals to be filed by the rate-regulated gas or electric utilities which the Board is required to approve.

House Amendment Section 16 amends Iowa Code 476.21 to allow municipalities to discriminate against customers who use renewable energy sources. Discrimination among customers is never appropriate and the results are usually punitive.

House Amendment Section 17 amends Iowa Code 476.33(4) to allow utilities to use a future test year in a rate case. Currently, the most recent calendar year is used and the utility is allowed to consider verifiable data that exists within nine months after the conclusion of the test year, or almost to the date of the Board's decision. Additionally, the Board can consider any other facts it thinks are relevant to establish just and reasonable rates. The most recent calendar year is the best information available and is known and measurable. All the parties are working off of the same information. The amendment allows a utility to choose a future test year which is based on costs that are not known and measurable. The costs are estimates and assumptions. Customer rates will increase with this change.

House Amendment Section 18 Iowa Code 476.52(3)(a)(1)(a) is amended to add a new subdivision (v). The amendment adds repowering to the list of projects that may utilize advanced rate-making. Advanced rate-making is based on costs that are not known and measurable. The costs are estimates and assumptions.