



AMENDMENT SUMMARY

Nuclear Energy HF 561

Status of Bill: House Floor
Committee: Commerce (passed 23-0)
Lead Democrats: Reps. Quirk & Jacoby
Floor Manager: Rep. Soderberg
Research Analyst: Anna Hyatt-Crozier 515-281-5939
anna.hyatt-crozier@legis.state.ia.us

April 25, 2011

Amendment Summary

H-1358 by Isenhardt (D) – strikes the bill and replaces with language requiring an interim study. There will be a total of ten members; five from the House and five from the Senate. The majority party in each chamber will appoint three members, and the minority party in each chamber will appoint two members. They will study the results of an analysis done by a utility regarding the possibility of construction of nuclear generating facilities.

H-1681 by Willems (D) – strikes the bill and replaces with language that requires the Utilities Board to conduct a study regarding baseload electrical generation options and costs. The study must look at baseload generation options, including nuclear, retrofitting existing plants based on evidence regarding system benefits, rate impact, financing options, and risks of delays, cancellations, or cost overruns. The Utilities Board must also determine a long-term demand forecast for the state and identify if existing generations could meet that forecast. Requires the Board to solicit participation and comments from a variety of interest groups and the Board must report back to the General Assembly by January 1, 2012.

H-1356 by Hunter (D) – prohibits the use of condemnation for the construction of a nuclear facility and appurtenant structures, or a small modular reactor generation facility and appurtenant structures.

H-1657 to H-1356 by Kaufmann (R) – strikes amendment H-1356 and replaces with language to ensure that once a utility is issued a certification to build a nuclear facility, the current laws regarding eminent domain apply to the construction of a nuclear facility as well.

H-1359 by Isenhardt (D) – allows for a utility to recover costs only to the extent that such costs can be documented to have resulted in energy demand reduction by specific customers.

H-1623 by Soderberg (R) – goes to various areas of the bill to either clarify or make changes.

- Adds that it is the intent of the General Assembly to encourage the development of nuclear generation “at a reasonable cost to ratepayers.” Also adds that the General Assembly recognizes that the development of nuclear energy requires “ongoing operating expenses, and decommissioning expenses, including storage or disposal of used nuclear fuel.”
- Allows for the Board to extend, up to ninety days, to extend the deadline for completing an annual proceeding.

- Includes “or interest rate hedges as approved by the Board as a ratemaking principle” into the definition of long-term debt.
- Adds language regarding what three factors are defined as the costs of common equity. As amended they are as follows:
 1. The risks to which the investor’s capital is exposed and not the investor’s source of funds by comparing returns on investments in other enterprises having corresponding risks.
 2. The investor-required cost of capital of the rate-regulated utility so as to maintain its credit and ability to attract capital.
 3. Neither directly or indirectly include additional debt of the rate-regulated utility’s parent or other affiliates in the rate-regulated utility’s capital structure or cost of service, so long as the utility equity ratio does not exceed 55%as determined in this subparagraph. If the ratio exceeds this cap, or it is anticipated it will exceed this cap, the utility may provide a rationale to the Board as to why the actual capital structure is reasonable for maintaining its credit, attracting capital on reasonable terms, and results in reasonable costs to the utility’s retail customers. The Board shall rule on any such request in a contested case proceeding.
- Only allows a utility to recover the net book value of a coal-fired generating facility entered into service prior to 1974 and owned by the utility as of January 1, 2010, that is committed to retire. The bill says that the utility can recover the net book value of any generating facility that it commits to retiring.
- Requires the Board to make a decision regarding ratemaking within 180 days after the utility files the application. The Board may extend that deadline, for good cause, by 180 days, and that deadline can be extended again if agreed to by the utility.
- Specifies that the additional staff hired by the Board may be permanent, and that the Board and the Consumer Advocate may spend the necessary money to train and provide office space and equipment.
- Adds language that the Board and the Consumer Advocate may each hire up to five permanent capable employees. Specifies that any employee hired to carry out duties related to nuclear facilities must be paid at compensation rates consistent with the current standards in the nuclear industry. Requires new salary classifications to be established to set pay ranges for the skilled personnel deemed appropriate by the Board and Consumer Advocate.

H-1655 by Watts (R) – goes into current Code language and rewords language that encourages rate regulated utilities to alter existing electric generating facilities. Current language encourages this, “where reasonable, to manage carbon emission intensity in order to facilitate the transition to a carbon constrained environment.” The amendment encourages the altering of the facilities “for improved emission, where reasonable and economically feasible.”

H-1357 by Isenhardt (D) – the Board must find, when a utility applies for ratemaking, that the utility has demonstrated that the need for additional baseload generating capacity cannot be achieved in whole or in part through any combination of demand reduction strategies, or any combination of demand reduction strategies and alternative generating options.

H-1511 by Soderberg (R) and Murphy (D) – adds language stating that the General Assembly intends for the state to undertake the following steps to address the work needs of a nuclear facility:

- Create and implement plans to assess and enhance educational and training systems to develop a next-generation nuclear workforce.
- Assess the adequacy and potential expansion of supply chain infrastructure to support the growing nuclear industry.

- Recommend steps to attract new nuclear-related businesses.
- Evaluate the economic development impact affordable nuclear electric power generation will have on the expansion and retention of existing industry.

Requires the governor to create a task force to evaluate the economic development opportunities created nuclear generation in this state and to maximize these opportunities. Members must include, but not limited to representatives from the Board of Regents, the community colleges, the Iowa Department of Workforce Development, the Department of Education, and utility industry leaders. Must report back to the General Assembly by January 1, 2012.

H-1349 by Winckler (D) – adds “safe and” to the sentence which describes the intent of the general assembly to encourage the “safe and” prudent development of baseload nuclear electric power generation.

H-1346 by Mascher (D) – strikes “safe, reliable, and secure” language where it talks about the proven record of nuclear generation.

H-1355 by Lensing (D) – adds worldwide to the sentence “nuclear generation has a long-term proven record of providing a safe, reliable, and secure source of electricity in the U.S. and worldwide.”

H-1352 by Wessel-Kroeschell (D) – strikes “substantial economic development benefits” from the sentence which describes the long-term proven record of nuclear generation.

H-1353 by Wessel-Kroeschell (D) – strikes the word significantly from “significantly reduced levels of regulated air emissions” when describing nuclear’s long-term proven record.

H-1345 by Mascher (D) – adds language where it talks about the intent of the general assembly and recognizes that “the public health and safety” aspect of the permitting process.

H-1354 by Lensing (D) – adds “operation that has not endangered the public or environment” to the sentence which states items that the general assembly recognizes is required.

H-1392 by Lensing (D) – similar to H-1354.

H-1503 by Isenhart (D) – adds language to state that if construction costs are incurred but not approved by the Utilities Board as part of the previous annual application and these costs are deemed prudent by the Board, the utility can recover over the useful life of the nuclear unit, but cannot be recovered during the construction period.

H-1689 by Kajtazovic (D) – strikes language that allows the recovery of all prudent preconstruction and construction costs incurred if the nuclear facility is not completed. Requires that the cost recovery through rate-making principles be applied in the same percentage amount to each customer class and limits recovery, on an annual basis, to not more than 5/10 of 1% of the utility’s previous calendar year’s revenues attributable to billed base rates in this state.

H-1361 by Hunter (D) – strikes the language which states that if there is a court action which results in a modification of the IUB’s ratemaking order, that it can only be applied prospectively.

H-1332 by Lensing – requires a utility, prior to filing an application to build a nuclear generating facility, to do an assessment for the twenty-year period subsequent to its anticipated filing date showing the following:

1. Projected energy demand.

2. Energy efficiency and conservation trends, practices, and requirements.
3. Industrial cogeneration of electricity.
4. Renewable energy trends, practices, and requirements.
5. Transmission improvements
6. Options for meeting the projected demand through means other than energy efficiency.
7. Projected environmental impacts including greenhouse gas emissions.
8. Projected grid reliability.
9. Projected energy costs.
10. Projected energy supply payments to citizens of this state.
11. Projected energy-related employment outlook and impact.

H-1422 by Kelley (D) and others – allows for a county, where a nuclear facility is proposed to be built, to petition the board of supervisor to allow a vote of approval by the residents of the county. This is that same process allowed when county residents receives notice that a gaming facility will be built in their county.

H-1459 by Isenhardt (D) – requires the utility to submit, with the application to construct a nuclear facility, detailed plans for the development and implementation of a public emergency preparedness and response strategy. The plan must be developed in coordination with, and receive approval from the Division of Homeland Security and Emergency Management, and must incorporate annual public safety drills and emergency response testing.

H-1684 by Wessel-Kroeschell (D) – if there is an accident at the facility, states that the utility, not the taxpayers, are responsible for the costs associated with clean-up and damages. If there is an accident, the Utilities Board will create a board/commission to oversee and verify that the utility has fulfilled the clean-up requirements and repaid applicable damages.

H-1458 by Mascher (D) – states that if the designated site for a nuclear facility is not located at or contiguous to a location where an existing nuclear facility is in operation, than the utility is required to purchase any property offered for sale by the property owner within five miles of the facility.

H-xxxx by Wittneben (D) – if the nuclear facility is not completed, changes the amount that a utility can recover from 100% of all prudent preconstruction and construction costs to 90%, after deducting any federal or state grants or other forms of funding received.

H-xxxx by Petersen (D) – limits cost recovery for a utility, until January 1, 2013, to costs associated permitting or licensing through the Nuclear Regulatory Commission and land acquisition costs. Requires the Utilities Board to conduct a study to identify and analyze the risks associated with financing nuclear plants, the assignment of those risks, and safety risks associated with traditional nuclear facility and small modular reactor technology construction. The results of the study, and any recommendations, must be submitted to the General Assembly by January 7, 2012. Costs associated with the study will be billed to MidAmerican.