

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: PEAK ALERT RULES	DOCKET NO. RMU-2014-0007
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ORDER ADOPTING RULES AND REQUIRING REPORTS

(Issued March 17, 2015)

Pursuant to the authority of Iowa Code §§ 17A.4, 476.1, 476.1A, and 476.17, the Utilities Board (Board) adopts amendments to 199 IAC 20.11. The rule-making proceeding is identified as Docket No. RMU-2014-0007.

The amendments to 199 IAC 20.11 are the result of comments filed in the Board's Notice of Inquiry regarding the peak alert rules, identified as Docket No. NOI-2014-0002, and comments received in the rule-making docket. The amendments make the rules more flexible and give utilities more latitude in tailoring energy conservation messages to their customers. One change from the noticed rules provides that the peak alert notice explains not only the significance of reductions in energy use during a period of peak demand but also the potential benefits of energy efficiency. The reasons for adopting the amendments are more fully set forth in the preamble to the adopted amendments, which is attached hereto and incorporated by reference.

The Board notes that editorial changes may be made to the proposed rules by the Code Editor prior to publication. The final version of the proposed amendments will be available in the Iowa Administrative Bulletin.

Rule 20.11(2) requires an investor-owned utility to have on file with the Board its plan to notify customers of an approaching peak demand and minimum plan requirements. The adopted amendments remove the temperature requirements for issuing peak alerts and require the utility to: 1) describe and explain the condition(s) that will prompt a peak alert, 2) explain when and how notice of an approaching peak in demand will be given to customers, and 3) provide the text of the message or messages to be given in the general notice to customers.

At the oral presentation held on January 28, 2015, Interstate Power and Light Company (IPL) and MidAmerican Energy Company (MidAmerican), Iowa's two investor-owned electric utilities, were asked the time frame needed to comply with the filing requirement if the Board were to adopt the proposed rules. IPL responded that its filing may not be much different than what IPL has been practicing, and IPL may, perhaps, need at least a few months. MidAmerican responded that it had started its customer communications planning in anticipation of annual notices being rendered in the spring of 2015.

The Board will direct IPL and MidAmerican to file their notification plans on or before June 1, 2015. IPL and MidAmerican are not simply to refer to their respective plans currently on file with the Board and any modifications, but should file their

complete notification plans. IPL's and MidAmerican's notification plans will be referred to as Docket No. IAC-2015-2011. Any future modifications of notification plans should refer to a similar docket number except the year should correspond to the filing year.

IT IS THEREFORE ORDERED:

1. The amended rules considered in this docket are adopted.
2. The Executive Secretary is directed to submit for publication in the Iowa Administrative Bulletin a notice in the form attached to and incorporated by reference in this order.
3. MidAmerican Energy Company and Interstate Power and Light Company shall file the information identified in the body of this order or before June 1, 2015.

UTILITIES BOARD

/s/ Elizabeth S. Jacobs

/s/ Nick Wagner

ATTEST:

/s/ Judi K. Cooper
Executive Secretary, Deputy

/s/ Sheila K. Tipton

Dated at Des Moines, Iowa, this 17th day of March 2015.

UTILITIES DIVISION[199]

Adopted and Filed

Pursuant to Iowa Code sections 17A.4, 476.1, 476.1A, and 476.17, the Utilities Board (Board) gives notice that on March 17, 2015, the Board issued an order in Docket No. RMU-2014-0007, In re: Peak Alert Rules, "Order Adopting Rules and Requiring Reports." The amendments adopted to the peak alert rules, 199 IAC 20.11, update the rules to reflect changes since the rules were last modified. The Board's order also contains information on the investor-owned electric utilities first customer notification plans under the amended rules, which will be due on or before June 1, 2015.

The Board's peak alert rules became effective in 1983 and were last amended in 2003. Since 2004, the Board has granted MidAmerican Energy Company (MidAmerican) a series of one- and two-year waivers of the Board's peak alert rules. In the order granting MidAmerican's waiver request in Docket No. WRU-2013-0005-0156, the Board noted that it might be appropriate to consider modifying or eliminating the peak alert rules.

On January 23, 2014, the Board initiated a notice of inquiry (NOI) regarding the Board's peak alert rules. The docket was identified as Docket No. NOI-2014-0002. Various comments were filed in response to that order and another order requesting additional comments issued on April 17, 2014. Participants that filed written comments included the Office of Consumer Advocate (OCA), the Environmental Law & Policy Center and the Iowa Environmental Council (ELPC and IEC), MidAmerican, Interstate

Power and Light Company (IPL), the Iowa Association of Electric Cooperatives (IAEC), and the Iowa Association of Municipal Utilities (IAMU).

Inquiry participants generally agreed that the Board's peak alert rules should be revised to reflect changes in the electric industry. IPL and MidAmerican, the state's two investor-owned electric utilities, recommended that the rules be rescinded because utilities can measurably shed electric load through demand response programs in a reliable and consistent manner. IPL and MidAmerican said that load shed as a result of peak alert rules is not easily measured. The IAEC was supportive of rescinding the rules or, in the alternative, modifying the rules to allow utilities to voluntarily notify customers of the benefits of reducing demand during peak periods, thus allowing utilities to educate consumers in the manner they deem most appropriate.

OCA and ELPC and IEC recommended that the Board retain the rules because they serve an important public purpose alongside energy efficiency programs and can potentially engage customers who do not participate in energy efficiency programs to reduce usage when a peak approaches. The IAMU noted that municipal utilities are not subject to the Board's peak alert rules pursuant to Iowa Code section 476.1B but filed general comments pertaining to the practices of municipal utilities.

While the load reductions resulting from peak alert notices may be difficult to measure, the Board does not believe the rules should be rescinded. Peak alerts request that consumers change their actions temporarily, potentially engaging customers who do not participate in energy efficiency programs to make some changes in actions that may become habits. However, the adopted rules make the rules more flexible to meet the needs of individual utilities.

The Notice of Intended Action in Docket No. RMU-2014-0007 was published in IAB Vol. XXXVII, No. 12 (12/10/2014), p. 1037, as **ARC 1768C**. Written comments were filed by IPL, MidAmerican, OCA, and ELPC and IEC. All the written commenters participated in the oral presentation on January 28, 2015. The IAEC also participated in the oral presentation and offered comments.

OCA suggested additional language to the annual notice requirement in subrule 20.11(1) that would provide customers with information on the benefits of energy efficiency and ways customers can access additional information on a utility's energy efficiency programs. No one objected to the language, although ELPC and IEC offered more prescriptive language. The Board will include OCA's suggested language in the adopted rule; the more prescriptive language goes beyond the intent of the rules and could cause customer confusion. OCA's suggestion carries forward to the notification plan in subrule 20.11(2)"c" and will also be adopted there. However, the Board will add the word "potential" before the phrase "benefits of energy efficiency" to make it clear that the Board is not prejudging that all energy efficiency programs are beneficial. Those issues are determined in energy efficiency plan proceedings.

From prior experience, more prescriptive language does not work well in every situation, which is why the rule had to be waived for MidAmerican during its extended revenue requirement freeze. Less prescriptive language will give utilities an opportunity to tailor the message to their specific situations, and also recognize that there are both summer and winter peaking utilities in Iowa. No other changes from the noticed rules have been made.

The changes to the noticed rules were the result of written and oral comments received in the rule making and participants had an opportunity to respond to the

proposed changes. Therefore, no additional notice is necessary prior to the adoption of these amendments.

The Board does not find it necessary to propose a separate waiver provision in this rule making. The Board has a general waiver provision in 199 IAC 1.3 that would be applicable to these rules.

After analysis and review of this rule making, no negative impact on jobs has been found.

These amendments are intended to implement Iowa Code sections 476.1, 476.1A, and 476.17.

The following amendments are adopted and will be effective on May 20, 2015.

ITEM 1. Amend subrule **20.11(1)** as follows:

Annual notice. Each electric utility shall provide its customers, on an annual basis, with a written notice ~~explaining how growth in demand affects a utility's investment costs and why reduction of customer usage~~ that informs customers of the significance of reductions in consumption of electricity during periods of peak demand ~~may help delay or reduce the amount of future rate increases~~ and the potential benefits of energy efficiency. The notice shall include an explanation of the condition(s) under which peak alerts will be issued and the means by which the utility will inform customers that a peak alert is being issued. The notice shall provide ways a customer can access additional information on the utility's energy efficiency programs. The notice shall be delivered to its customers ~~between May 1 and June 15 of each year if peak demand is likely to occur during the months of June through September. If peak demand usually occurs during the months of October through February, the notice shall be delivered to its customers~~

~~between August 1 and September 15~~ prior to the start of the utility's historical seasonal peak demand.

ITEM 2. Amend rule **20.11(2)** as follows:

Notification plan. Each investor-owned utility shall have on file with the board a plan to notify its customers of an approaching peak demand on the day when peak demand is likely to occur.

a. The plan shall include, at a minimum, the following:

a. A description and explanation of the condition(s) that will prompt a peak alert.

~~(1)b.~~ A provision for a general notice to be given customers prior to the time when peak demand is likely to occur ~~as prescribed in 20.11(2)"b"~~ and an explanation of when and how notice of an approaching peak in electric demand will be given to customers.

~~(2) A provision for direct notice to be given customers whose load reduction will have a significant impact on the utility's peak. The utility shall provide for such notice to be given prior to the time when peak demand is likely to occur, as prescribed in 20.11(2)"b," and shall explain the criteria used to identify customers to whom notice will be given and when and how notice will be given.~~

~~(3) A statement showing the total costs, with each component thereof itemized, projected to be associated with implementing the plan. Notice should be provided in the most efficient manner available. The board may reject a plan which includes excessive costs or which specifies an ineffective method of customer notification and may direct development of a new plan.~~

~~(4)c.~~ The text of the ~~general and direct~~ message or messages to be given in the general notice to customers. The message shall, ~~at a minimum~~, include the name of the utility ~~or utilities~~ providing the notice, an explanation that conditions exist which

indicate a peak in electric demand is approaching, and a ~~statement that reduction in usage of electricity during the period of peak demand will ease the burden placed on the utility's system by growth in peak demand and may help delay or reduce the amount of future rate increases~~ an explanation of the significance of reductions in electricity use during a period of peak demand and the potential benefits of energy efficiency.

~~(5) A designation of the U.S. weather station(s), situated within the utility's service territory, whose temperature readings and predictions will be used by the utility in applying the standard in 20.11(2)"b."~~

~~(6) A provision for joint delivery, by two or more utilities, of the general notice to customers in regions of the state where U.S. weather station(s) predict conditions specified in 20.11(2)"b" will exist on the same day.~~

~~b. For purposes of this rule, peak demand is likely to occur on a nonholiday weekday between June 15 and September 15 when the following conditions exist:~~

~~(1) The utility's designated weather station predicts the temperature will rise above 95° Fahrenheit (35° Celsius), and the designated weather station officially recorded a temperature above 95° Fahrenheit (35° Celsius) on the previous day, or~~

~~(2) The utility's designated weather station predicts the temperature will rise to above 90° Fahrenheit (33° Celsius) on a day following at least two consecutive days of temperatures above 95° Fahrenheit (35° Celsius), as officially recorded by the designated weather station, but~~

~~(3) If a utility can demonstrate it would have been required to provide between June 15 and September 15 a peak alert notice to customers, because of the existence of the conditions set forth in 20.11(2)"b"(1) or 20.11(2)"b"(2), on more than six days in any one~~

~~of the preceding ten years, the utility may substitute a 97° Fahrenheit (36° Celsius) standard in lieu of the 95° Fahrenheit (35° Celsius) standard in the subrule.~~

ITEM 3. Amend subrule **20.11(3)** as follows:

Implementation of notification plan. The utility shall implement ~~the approved~~ its notification plan on each day of the year when peak demand is likely to occur, as prescribed by as needed to alleviate the conditions described in 20.11(2)"b" "a".

ITEM 4. Amend subrule **20.11(4)** as follows:

Permissive notices. The standard for implementing peak alert notification ~~in subrule 20.11(2)~~ is a minimum standard and does not prohibit a utility ~~or association of utilities~~ from issuing a notice requesting customers to reduce usage at any other time.

ITEM 5. Amend subrule **20.11(5)** as follows:

Annual report. Each electric utility required by subrule 20.11(2) to file a plan for customer notification shall file, on or before April 1 of each year, a report for the prior year stating providing the number text of the annual written notice and of the peak alert notices given its customers, the dates when the notices were issued, and the annual costs of providing both general and direct notice the annual written notice and the peak alert notices to customers ~~and measures of kilowatt hour demand at the time when notice was given and at hourly intervals thereafter until kilowatt hour demand decreases to the level at which it was measured when the notice was issued.~~ The annual report shall also include a statement of any problems experienced by the utility in providing customer notification of a peak demand and ~~a proposal to modify~~ modifications of the

plan, if necessary, to make customer notification more effective. ~~Modifications must be approved by the board before they are implemented.~~

March 17, 2015

/s/ Elizabeth S. Jacobs
Elizabeth S. Jacobs
Chair