

## Early Measure of Economic Harm from SF 2311

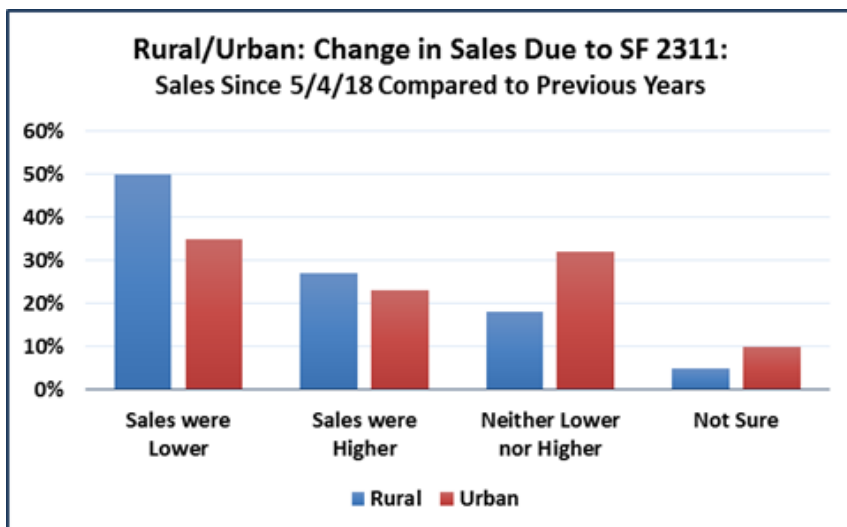
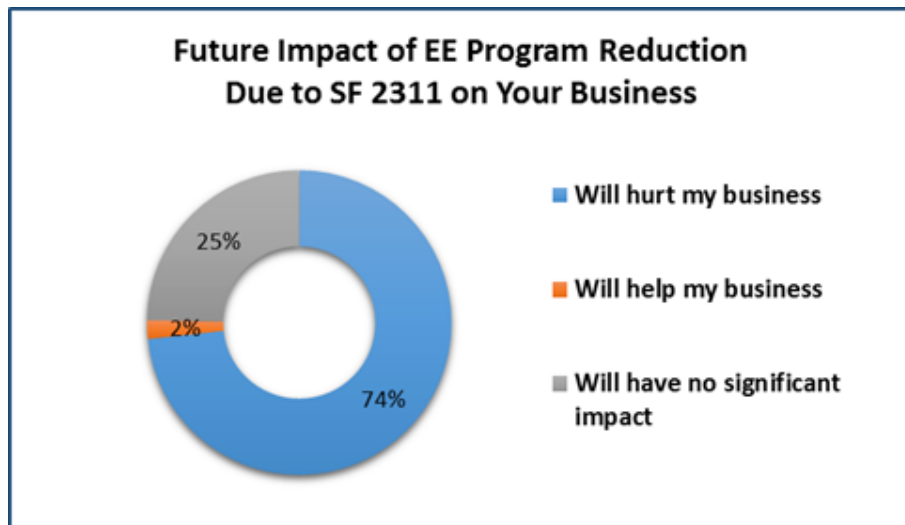
*“Our business has become everywhere but Iowa.”*

Senate File 2311, passed in 2018, decimated Iowa’s long-standing, successful energy efficiency programs that had been operating successfully for nearly three decades, saving customers money while keeping energy rates low. The power to determine appropriate, cost-effective efficiency spending was stripped from the Iowa Utilities Board (IUB) with caps put on the amount of efficiency spending they could require. As a result, the utilities proposed plans that cut electric efficiency programs like audits, lighting, and commercial refrigeration and motors by 50% and gas programs like insulation, windows, and HVAC replacements by 80%. The IUB approved MidAmerican’s plan in February 2019 and Alliant’s in March.

These cuts are bad for customers at a time when utilities are raising rates and bad for energy efficiency businesses like HVAC and insulation contractors, lighting specialists, and firms specializing in energy services. The bottom line result is a shift of dollars out of communities, away from local businesses, and into the pockets of MidAmerican and Alliant Energy even as Alliant proposes to raise rates again on those same customers.

### Iowa Economic Impact Survey

The Iowa Environmental Council contracted with the Center for Survey Statistics and Methodology at Iowa State University to survey contractors that do energy efficiency work.<sup>1</sup> The survey was conducted in December 2018 and January 2019, after passage of SF 2311 but before the IUB had approved the utilities’ revised, severely reduced plans so contractors did not have a full picture of what would happen once those plans were implemented. Contractors surveyed overwhelmingly predicted future losses with nearly **75% expecting SF 2311 to hurt their business.**



At the time of the survey, some business were already seeing sales take a hit with 43.4% of businesses reporting lower sales since the passage of SF 2311. Rural businesses reported a bigger drop in sales than urban businesses.

<sup>1</sup> Survey conducted via email with sample size of 225 and response rate of 23.6% with a margin of error of +/- 11.8 percentage points at a 95% confidence interval.

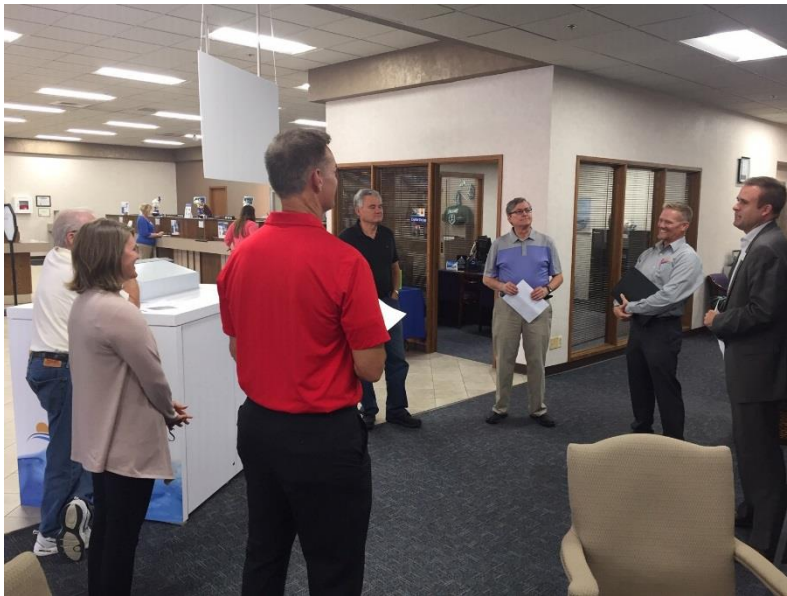
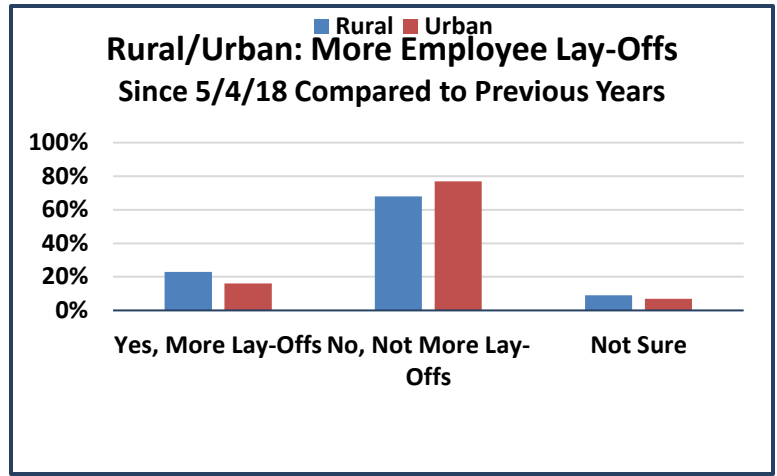
About 19% of businesses surveyed had already been forced to lay off employees and, again, rural businesses were harder-hit.

### Business Spotlight: Jobs Leaving Iowa

After the IUB approved the efficiency plans in February and March, businesses started seeing greater impacts. Just one sample of four businesses that do efficiency work showed a total loss of 54 jobs for total salary losses of \$2.5 million. Some of these companies have operations in other states and have moved their employees elsewhere.

### Preferred Energy Consultants – Anamosa

This eastern Iowa company provides a variety of energy efficiency services for residential, commercial and agricultural customers, ranging from HVAC testing and building envelope improvements to lighting and insulation. Owner Troy Zimmerman has noticed a decrease in the quality of products being used in new construction projects, as builders choose lower-efficiency windows and appliances and apply less spray insulation. Preferred Energy Consultants has already laid off one staff member with an annual salary of \$45,000. The company currently employs seven people and expects one or two more layoffs as the impact of the program cuts unfold.



### Energyefficient Systems – Burlington

Energyefficient Systems specializes in commercial lighting improvements and has provided services at locations such as Two Rivers Bank and John Deery Collision Center in Burlington, saving each of these businesses tens of thousands of dollars per year in energy costs, reducing maintenance costs, and improving customer and employee comfort. “Our business has become everywhere but Iowa. Iowa is not as welcoming to energy renovation projects as other states. Eventually we won’t be in Iowa at all,” said president and CEO Chad Palmer. Following final approval of Alliant’s efficiency plans, four employees and \$280,000 in salaries have left the state and the company is doing limited business here.