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Iowa Utilities Board issues decision in Alliant Energy's request to increase electric rates

(Des Moines) – The Iowa Utilities Board (IUB) issued its final decision and order in docket RPU-2019-0001 regarding a request from Alliant Energy/Interstate Power and Light Company (Alliant) to increase Iowa retail customer electric rates.

On March 1, 2019, Alliant filed with the IUB an application seeking an increase in electric rates and requesting a permanent annual revenue increase of approximately \$203.6 million. On October 3, 2019, a non-unanimous partial settlement among many of the parties was filed and reduced the annual revenue increase to \$127 million and a return on equity to 9.5 percent.

The IUB's final decision and order approves the non-unanimous partial settlement agreement and resolves other contested issues in the case. The order:

- Approves a refund of \$7.5 million for customers who paid interim rates;
- Increases the monthly customer charge from \$11.50 to \$13 for residential customers and from \$19 to \$20 for the general service customers;
- Sets a monthly fee of \$4.06 for customers who opt out of having an advanced metering infrastructure (AMI) meter but does not allow Alliant to charge a fee to customers who choose a reduced-pulse meter;
- Approves a renewable energy rider (RER) as a line item on customers' bills to recover costs of wind projects known as New Wind I and II, which will go into service in 2020. Alliant indicated that the RER will delay the need to file a rate increase request in 2021; and
- Establishes a regulatory principle that the return on equity on interim rates cannot be higher than the return on equity for proposed final rates.

Board Member Richard Lozier dissented from the majority decision regarding interim rates and management efficiency.

The Board cites to evidence in the rate case demonstrating that Alliant has not efficiently managed its relationships with its customers. The Board requires Alliant to file a comprehensive improvement plan within 90 days and review its own internal processes, identify opportunities for improvement, and correct deficiencies as they become apparent.

As part of the proceedings in the electric rate case, the IUB received more than 5,600 written public comments and in the spring of 2019 held 10 public customer comment meetings throughout Alliant's Iowa service territory.

The IUB stated that many customer comments revealed concerns with Alliant's management practices. Those comments, the IUB's disapproval of Alliant's process to introduce and implement AMI meter technology, and a "lack of transparency and misrepresentation" during a 2018 municipalization vote in the city of Decorah led the IUB to find Alliant "did not meet the expected standard of conduct for a regulated monopoly." Therefore, the IUB told Alliant in the order it will continue to monitor and review the company's management efficiency practices and may take necessary action as allowed by Iowa Code chapter 476.

The electric rate case and a natural gas rate case in docket RPU-2019-0002 were the first filings to base increased rates on a future test year rather than a historic year. The IUB will conduct a subsequent proceeding to determine whether the actual costs and revenues are reasonably consistent with those approved by the IUB.

The order approved the settlement's proposed return on equity of 9.5 percent and found if Alliant implements interim rates as part of its next electric rate review, the company will use a return on equity for interim rates of no greater than 9.5 percent.

The IUB ordered Alliant to file compliance tariffs within 20 days based on the decision and documents showing the approved revenue increase, by customer class, as a percentage of total revenues and base rate revenues. Rate changes will take effect upon the IUB's review and approval of the compliance tariffs.

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The Iowa Utilities Board regulates utilities to ensure that reasonably priced, reliable, environmentally responsible, and safe utility services are available to all Iowans.

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