

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: IOWA-AMERICAN WATER COMPANY	DOCKET NOS. RPU-2020-0001, TF-2021-0097
---	--

ORDER APPROVING COMPLIANCE FILING AND TARIFF

PROCEDURAL HISTORY

On June 28, 2021, the Utilities Board (Board) issued a final order in Docket No. RPU-2020-0001 that approved a revenue requirement of \$43,813,200 for Iowa-American Water Company (Iowa-American). In the June 28, 2021 order, the Board required Iowa-American to file its compliance filing and proposed compliance tariff to provide an updated cost of service study, revenue calculation, rate calculations, and proof of revenue consistent with the order.

On July 9, 2021, Iowa-American filed a motion for clarification of the June 28, 2021 order. In its motion, Iowa-American asserted the revenue requirement approved by the Board should be adjusted in order to properly implement the Board's decisions regarding unprotected excess accumulated deferred income taxes (EADIT) and interest synchronization. Iowa-American asserted the revenue requirement should be increased by \$402,209 to \$44,215,409. Iowa-American requested that the Board clarify that it approves the adjustments described by Iowa-American in the motion for clarification.

On July 16, 2021, Iowa-American submitted its compliance filing and proposed compliance tariff. The rates included in the proposed compliance tariff were based on a revenue requirement of \$44,215,409, as requested in Iowa-American's July 9, 2021

DOCKET NOS. RPU-2020-0001, TF-2021-0097

PAGE 2

motion for clarification. Iowa-American stated it assumed the Board's treatment of the issues Iowa-American raised in its motion for clarification were oversights and unintentional, and the compliance filing was adjusted based upon those revisions.

On July 23, 2021, the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, filed a response to Iowa-American's motion for clarification. In its reply, OCA stated it opposes Iowa-American's proposed adjustment to the revenue requirement related to unprotected EADIT. OCA stated it does not oppose Iowa-American's proposed adjustment to the revenue requirement related to interest synchronization, subject to Iowa-American's submittal of additional supporting documentation.

On July 28, 2021, Iowa-American filed a response to OCA's July 23, 2021 filing. In its response, Iowa-American reiterated its arguments in favor of an adjustment to the revenue requirement related to unprotected EADIT.

On August 3, 2021, OCA filed a response to Iowa-American's July 28, 2021 filing. In its response, OCA reiterated its opposition to an adjustment of the revenue requirement related to unprotected EADIT. On the same day, OCA filed a response to Iowa-American's July 16, 2021 compliance filing and proposed compliance tariff. OCA requested that the Board reject Iowa-American's proposed compliance tariff and order Iowa-American to resubmit the compliance tariff after the Board rules on Iowa-American's July 9, 2021 motion for clarification.

On August 11, 2021, Iowa-American filed a revised report of rate case expenses. Iowa-American stated the revision was necessitated by Iowa-American's receipt on August 9, 2021, of an additional direct assessment from the Board in the amount of

DOCKET NOS. RPU-2020-0001, TF-2021-0097

PAGE 3

\$122,347. Iowa-American requested the Board approve recovery of the additional amount when it approves Iowa-American's compliance filing and proposed compliance tariff.

On September 21, 2021, the Board issued an order that denied the revised revenue requirement for unprotected EADIT proposed by Iowa-American in the motion for clarification. The Board approved the revised revenue requirement for interest synchronization. The Board also identified other revisions to the compliance tariff that needed to be revised and approved recovery of additional rate case expense for Board and OCA activities. In addition, the Board requested that Iowa-American provide an explanation of how it is returning protected EADIT to customers.

On September 23, 2021, Iowa-American filed a revised compliance filing and proposed compliance tariff in response to the September 21, 2021 order. On September 30, 2021, OCA filed a response to the revised compliance filing and proposed compliance tariff, stating it does not object to the information filed by Iowa-American. OCA requests the Board require Iowa-American to file revised tariff sheets with the effective date, after the Board issues an order addressing the compliance filing and approving the compliance tariff.

BOARD DECISION

The Board has reviewed the compliance filing and proposed compliance tariff filed by Iowa-American in response to the Board's September 21, 2021 order. As directed, Iowa-American's response: (1) acknowledged the revised revenue requirement of \$43,850,770; (2) included the proposed compliance tariff identified as Docket No. TF-2021-0097; (3) included an updated final class cost of service study;

DOCKET NOS. RPU-2020-0001, TF-2021-0097

PAGE 4

(4) included a final revenue allocation; (5) included rate calculations; (6) included a proof of revenue calculation by customer class; and (7) included an updated non-recurring revenue and expense rider and workpaper that includes the increase in rate case expense approved by the Board in the September 21, 2021 order. In addition, Iowa-American provided an explanation of how the company proposed to return protected EADIT to customers. Iowa-American explains that it will return protected EADIT over the average rate assumption method as a credit within base rates.

The Board will approve the revised compliance filing and proposed compliance tariff filed by Iowa-American on September 23, 2021, because the compliance filing and proposed compliance tariff are consistent with the required changes in the September 21, 2021 order. The compliance tariff will be effective on the date this Board order is issued, and the Board will stamp the effective date on the tariff sheets. The Board will not require Iowa-American to file revised tariff sheets with the effective date for Board approval to avoid the Board having to review all of the tariff sheets a second time.

To complete the updating of Iowa-American's tariff approved in this order, Iowa-American will be required to file blank tariff sheets 4D, 4E, and 4F showing that those tariff sheets are reserved for future use. The information in tariff sheets 4D, 4E, 4M, and 4N was stricken in the September 23, 2021 filing as no longer needed. In addition, tariff sheet 4F is not included in the current tariff, although there are blank tariff sheets with "Reserved for future use" in the Iowa-American tariff. For consistency, a blank tariff sheet 4F, as well as 4D and 4E, needs to be included in Iowa-American's tariff showing "Reserved for future use." The blank sheets are needed because the tariff has

DOCKET NOS. RPU-2020-0001, TF-2021-0097

PAGE 5

information on tariff sheets 4A through 4C and 4H, and the tariff sheets between 4C and 4H should be in the tariff. Blank tariff sheets for 4M and 4N are not needed because there are no tariff sheets after tariff sheet 4L. The table of contents should be updated to include the blank tariff sheets. The requirement to file the blank tariff sheets does not affect the approval of the compliance tariff.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. The compliance filing and proposed compliance tariff filed by Iowa-American Water Company on September 23, 2021, are approved. The approved tariff will become effective on the date of this order.
2. Iowa-American Water Company shall file tariff sheets 4D, 4E, and 4F with the designation "Reserved for future use" for inclusion in the current tariff. Iowa-American Water Company shall update the compliance tariff table of contents to include tariff sheets 4D, 4E, and 4F.

UTILITIES BOARD

Geri Huser Date: 2021.10.11
16:33:07 -05'00'

Richard Lozier Date: 2021.10.11
16:30:00 -05'00'

ATTEST:

Louis Vander Streek Louis Vander Streek
2021.10.11 16:52:31
-05'00'

Josh Byrnes Date: 2021.10.11
15:58:29 -05'00'

Dated at Des Moines, Iowa, this 11th day of October, 2021.