

STATE OF IOWA
DEPARTMENT OF COMMERCE
BEFORE THE IOWA UTILITIES BOARD

IN RE:	
IOWA-AMERICAN WATER COMPANY	DOCKET NO. RPU-2020-0001

**RESPONSE TO LEAD SERVICE LINE REPLACEMENT PLAN
AND REQUEST TO DOCKET PLAN FOR FURTHER INVESTIGATION**

COMES NOW the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, and submits this Response to Iowa-American Water Company's ("Iowa-American" or "Company") "Lead Service Line Replacement Plan and Inventory" ("Plan") filed with the Iowa Utilities Board (Board) by Iowa-American on August 27, 2021.

1. On June 28, 2021, the Board issued its "Final Decision and Order" ("Order") regarding the application for rate increase filed by Iowa-American on August 28, 2020. As part of that Order, the Board required Iowa-American to: (1) submit a plan and inventory for Board approval within 60 days of the date of the Order; (2) identify Iowa-American's goals and strategy for replacing lead service lines during the next five years; (3) submit an evaluation of any government or charitable funding available for lead service line replacement and a description of Iowa-American's efforts to secure such funding; and (4) identify any lead service line requirements of the federal Environmental Protection Agency (EPA) that require action by Iowa-American. ("Order, pp. 46-47).

2. On August 27, 2021, Iowa-American filed its "Lead Service Line Replacement Plan and Inventory" with the Board pursuant to the Board's Order. Iowa-American states that the Plan outlines the current status of Iowa-American's lead service line inventory and replacement efforts and its intent over the next five years to replace lead service lines in its

Clinton and Quad Cities systems. However, the Plan as submitted lacks detail regarding the identification of lead service lines, the prioritization of line replacement, the cost of replacement recovered through the QIP, and a detailed explanation of unavailable funding sources.

3. As part of the Board's Order, Iowa-American was specifically directed to "include an *evaluation* of any government or charitable funding available for lead service line replacement *and a description* of Iowa-American's efforts to secure such funding." In addition, the Board stated that it "expects Iowa-American to *seriously pursue* any available funding opportunities. ("Order," p. 46, emphasis added).

4. Iowa-American's evaluation and description of available government or charitable funding or the Company's efforts to secure any such funding is significantly inadequate. In its Plan, Iowa-American states only that it "has reviewed grant information for the Environmental Protection Agency as well as information related to hundreds of other possible grants through Grants.gov and has been unable to identify any grants that would be available for lead service line replacement." This vague description does not demonstrate a serious pursuit of available funding opportunities as the Board expects. At a minimum, Iowa-American should be required to specifically identify the grant information it reviewed from the EPA and provide a list of the "hundreds of other possible grants" that were considered and offer an explanation as to why each funding source was unavailable to it.

5. Iowa-American also states that it will contact and work with the State of Iowa to secure an Iowa Drinking Water SRF loan for lead replacement as part of its five-year plan. (Attachment A, p. 3). However, Iowa-American has not indicated that it has initiated any effort to secure such a loan in 2021. Given that the Company has already started its five-year plan for lead pipe replacement, there is no reason that Iowa-American should not have also attempted to

secure an Iowa Drinking Water SRF loan for 2021. Therefore, the Board should require the Company to provide an update on the status and a timeframe for securing the available state financing.

6. As part of its Plan, Iowa-American identifies six steps it intends to take to update its current lead service line inventory for compliance with the revised EPA Lead and Copper Rule and the Board's Order and to replace lead service lines in the Clinton and Quad Cities systems in an efficient and cost-effective manner and admits that these steps have not yet been completed. (Attachment A, pp. 1-2). In its June 28 Order, the Board limited eligibility for inclusion in the QIP to "replacements that occur due to the service line being disturbed by Iowa-American or due to some other circumstance that presents an increased likelihood of lead contamination in drinking water." (Final Decision and Order, p. 47). The Board made clear that the costs of "additional proactive efforts to locate and replace lead service lines" will not be eligible for recovery through the QIP until such efforts have been approved by the Board as a component of Iowa-American's Plan. (*Id.*). The six steps identified by Iowa-American in its Plan appear to be "additional proactive efforts" that were not originally considered by the Board in the rate case. Iowa-American has not yet provided the evidence the Board requires to give approval of these components of Iowa-American's Plan. Therefore, the Board should make clear to Iowa-American that the costs of these additional efforts continue to be ineligible for recovery through the QIP until the Company has provided the information that the Board requires. Iowa-American is free to seek a Board ruling on eligibility for these additional efforts when it provides its next annual update to its plan.

7. OCA recommends that the Board suspend Iowa-American's Plan and docket it for further investigation and require Iowa-American to provide a more detailed and informative

Plan. The Board should require Iowa-American to provide a meaningful response to the Board's expectation of a "serious pursuit" of available funding opportunities. Iowa-American's Plan, as filed, does not provide any detail regarding its evaluation of possible funding nor does it provide any descriptions of the Company's efforts to secure alternative funding. Rather, Iowa-American offers the bare minimum of a response and simply asks the Board to take the Company at its word that no funding is available. At a minimum, Iowa-American must explain *why* the many funding sources it explored are unavailable to it. OCA will not accept Iowa-American's word on this important matter. Neither should the Board. Moreover, the Board should require Iowa-American to provide information regarding how the Company intends to prioritize lead line replacements and provide supporting information regarding its six steps for identifying lead service lines before approval of those components is granted.

WHEREFORE, OCA asks that the Board suspend and docket Iowa-American's Lead Service Line Replacement Plan and Inventory as submitted on August 27, 2021, and require the Company to provide a more detailed and informative Plan as described above.

Respectfully submitted,

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