

**STATE OF IOWA
DEPARTMENT OF COMMERCE
BEFORE THE IOWA UTILITIES BOARD**

IN RE:

IOWA-AMERICAN WATER COMPANY

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DOCKET NO. RPU-2020-0001

**IOWA-AMERICAN REPLY TO OCA RESPONSE TO
LEAD SERVICE LINE REPLACEMENT PLAN**

COMES NOW Iowa-American Water Company (“*Iowa-American*” or “*Company*”) and submits this Reply to the “Response to Lead Service Line Replacement Plan and Request to Docket Plan for Further Investigation” (“*Response*”) filed on October 26, 2021 by the Office of Consumer Advocate (“*OCA*”).

1. The Board’s Order in Iowa-American’s rate case, Docket No. RPU-2020-0001, issued on June 28, 2021 (“*Order*”), requires Iowa-American, within 60 days of the date of the Order, to submit for Board approval, an inventory of service lines in the Company’s service territory and a five-year plan for the replacement of lead service lines in that territory. The Order, at pages 46-48, specifies that the plan must:

- a. Detail the Company’s goals and strategy for lead service line replacement during the succeeding five years;
- b. Include an evaluation of any governmental or charitable funding available for lead service line replacement and describe the Company’s efforts to secure such funding, which such available funding shall be seriously pursued by Iowa-American;

- c. Identify any lead service line requirements of the Environmental Protection Agency that require activity by the Company, which information will be deemed confidential; and
 - d. Ensure equal treatment of all of the Company's customers.
2. On August 27, 2021, Iowa-American filed the required plan and inventory, asking the Board to approve the plan as submitted and authorize it to recover the costs of implementing the plan in its QIP rider. Iowa-American's "Compliance Filing – Lead Service Line Replacement Plan and Inventory" ("***Compliance Filing***") satisfies the requirements set out in the Board's Order in each and every respect.
3. Compliance Filing Attachment A is the Company's Lead Service Line Replacement Plan (the "***Plan***").¹ That Plan, as required by the Board's Order:
- a. Detailed the Company's goals and strategy for lead service line replacement during the succeeding five years and in doing so:
 - i. detailed the Company's five-year plan for *identifying* lead service lines and continuously updating its lead service line inventory (Plan, pp. 2-3 "Iowa-American's Five-Year Lead Service Line Inventory Plan");
 - ii. detailed the Company's five-year plan for *replacing* lead service lines identified in step i above in the most cost-effective manner during that five-year period and its expected results for the same period (Plan, pp. 2-3, "Iowa-American's Five Year Lead Service Line Replacement Plan" and "Expected Results Within the 5-Year Planning Horizon");

¹ Compliance Filing Attachments B and C comprise Iowa-American's current service line inventories for the Clinton and Quad Cities service areas, respectively. OCA has not registered any objection to either inventory.

- iii. described the Company's efforts, since issuance of the Board's Order, to identify potential outside sources of funding for lead service line replacement (which included searches of EPA-identified grant opportunities as well as those identified through Grants.gov) and described the efforts that it will undertake during the five-year Plan period to continue to search for outside funding for lead service line replacement. The Company indicated that its searches to date had not identified any outside funding sources available to Iowa-American, other than State Revolving Fund loans ("SRF") which might be available depending on the scope of the replacement project(s) ("Plan", pp. 3-4 "Outside Funding Source Search Efforts"). No SRF application has yet been filed because the Plan has not yet been approved by the Board.
- iv. informed the Board that there are currently no EPA regulations that require activity on the part of Iowa-American; and,
- v. committed that the Company's lead service line replacement will not discriminate among Iowa-American's customers.

4. OCA's response takes issue with Iowa-American's filing in several respects and asks the Board to "suspend and docket Iowa-American's Lead Service Line Replacement Plan and Inventory as submitted . . . and require the Company to provide a more detailed and informative Plan . . .". Response, p. 4. OCA's objections to the Plan are without merit and should be rejected.

5. First, the Company's Plan and inventory comprise a compliance filing in a docket that is already open. The Plan cannot and will not become effective unless and until it has been

approved by the Board. The Board's Order made that clear when it required the Plan and inventory to be filed "for Board approval." Order, p. 46. Thus, there is no need for a suspension and docketing order.

6. Further, OCA's Response does not compel the conclusion that further investigation or filings are necessary. In fact, save for its claims that concern outside funding sources, it is difficult to even discern what OCA's complaints are.

7. OCA asserts that Iowa-American's Plan "lacks detail regarding the identification of lead service lines, the prioritization of line replacement, and the cost of replacement recovered through the QIP. Response, p. 2, ¶ 2. However, OCA does not specify what additional detail it seeks to have Iowa-American supply. Moreover, Iowa-American has in fact provided details to the Board, to the extent that it is able to do so in the absence of an approved plan.

8. The section of the Plan titled "Iowa-American's Five-Year Lead Service Line Inventory Plan" sets out the steps the Company will pursue to identify which service lines in its territory contain lead. These efforts begin with a second review and digitization of service line tap cards to verify and map the locations of identified lead service lines and then proceed to review of municipal plumbing permits for mention of lead lines, outreach to contractors, customers and EPA Lead and Copper sampling sites for information that identifies lead lines not already in the Company's inventory and then concludes with "potholing" to confirm the presence of lead service lines. Plan, pp. 1-2. Completion of these steps will result in a more complete inventory and mapping of lead service lines in the Company's service territory. OCA does not identify any detail that is lacking from this section of the Plan. Rather, OCA lays out what appear to be contradictory positions. On the one hand, OCA asserts that the steps outlined "have not been completed". On the other hand, OCA asserts that any costs related to the six steps may not be recovered until they

are approved as a part of Iowa-American's Plan. It appears that OCA's primary concern is that Company not be permitted to recover the costs of these inventory update efforts until the Board approves them as a component of the Company's Plan. Response, p. 3, ¶ 6. That is precisely what the Company is seeking in its Compliance Filing – Board approval of its Plan and the costs of implementing the Plan, including the part of the plan that allows the Company to identify and map the location of lead service lines that need to be replaced. Until Iowa-American has a better understanding of where lead service lines are located, it cannot proactively replace them. And until the Board approves the Company's Plan, it cannot put the Plan, including the portion of the Plan relating to inventory and mapping, into effect. In the Company's rate case, OCA opined that a plan "must start with an inventory". Tessier Direct Testimony, p. 48. OCA inventory-related objection is thus without merit.

9. OCA further asserts that the six steps set out in Iowa-American's Plan "appear to be 'additional proactive efforts' that were not originally considered by the Board in the [Company's] rate case". Response, p. 3, ¶ 6. Iowa-American disagrees. Company Witness Nielsen discussed the steps that the Company has taken and will continue to undertake to update its lead service line inventory, which include those set out in the Plan, in his Reply Testimony at p. 10. He also discussed them in response to Board questioning during the hearing. Tr. pp. 67-69. OCA's record objection is similarly without merit.

10. The section of the Plan titled "Iowa-American's Five-Year Lead Service Line Replacement Plan" details when and in what order Iowa-American plans to replace the identified lead service lines. Specifically, Iowa-American's Plan shows its targeted goals for the number of lead service lines to be replaced in each of the five years of the Plan. Plan, p. 2. The Plan then goes on to list the order in which it will replace the identified lead service lines in the most cost-

effective and non-discriminatory manner. Plan, p. 3-4. The order starts with the replacement of lead service lines in conjunction with main replacement efforts, then those identified when breaks or line failures occur, then in those areas where multiple lead service lines exist in one city block, and then on a targeted basis where lead service lines exist. As the Company moves through these steps over time, more detail can and will be added. OCA does not specifically discuss this section of the Plan, beyond its broad statement that it lacks detail. Iowa-American cannot guess and should not be put into the position of guessing what OCA seeks. It appears that no amount of information or detail will satisfy OCA. Nonetheless, it remains the case that Iowa-American has provided as comprehensive a plan possible at this time – a plan that will address a danger to public health. Implementation of the Company’s Plan should commence without delay.

11. The majority of OCA’s Response concerns the Board’s requirement that Iowa-American search for sources of outside funding for lead service line replacement, and the Board’s statement that it expects the Company to seriously pursue any available outside funding. Response, pp. 2-4, ¶¶ 3, 4, 5, 7. OCA claims that the Company’s statement in its Plan that it has reviewed all grant opportunities listed on the EPA’s website as well as those listed in the grants.gov website and found none for which Iowa-American would be eligible is not a sufficient response to the Board’s requirement, and that it indicates that the Company has not “seriously pursued” grant opportunities. OCA’s Response leaves the impression that it believes the Company’s statements are not truthful. Iowa-American is disappointed by that implication.

12. In fact, Iowa-American has indeed reviewed the grant opportunities discussed in the Plan. Attached hereto as Exhibit A is a list of the grants that Iowa-American reviewed on the EPA and grants.gov websites. Tab “Grants – Private Companies” lists grants available to private companies and Columns C and D reflect the Company’s evaluation of each. A review of that list

reveals that the vast majority of the listed grants are not available to private utilities such as Iowa-American. Further, those that are available to such private companies are not available for lead service line replacement. Thus, at this time, the only current outside funding source that may be available to Iowa-American for lead service line replacement appears to be SRF loans. While it is disappointing that grant funding is not widely available, the hope for such funding does not make it a reality.

13. OCA then complains that Iowa-American has not applied for SRF funding for its lead service line replacement program. What OCA overlooks is that the Company's Plan has not yet been approved by the Board. There is no point in applying for SRF funding for a program that is not yet allowed to proceed. If and when the Board approves Iowa-American's Plan as proposed, Iowa-American will have reason to apply for SRF funding. If the Plan is not approved at all, there is no reason to apply for SRF funding. If the Plan is modified in some material way, whether SRF funding is a reasonable source of funds will depend upon the parameters of the Plan. Until Iowa-American has a Board-approved plan in place for the replacement of lead service lines, it cannot apply for SRF funds.

14. Thus, as of the present time, Iowa-American has researched those outside funding sources that it reasonably believes *might* be available for service line replacement and has found none. If OCA knows of any other such sources, it should bring them to Iowa-American's attention so that the Company can investigate their applicability. Otherwise, the current lack of outside funding sources is not a sufficient reason for the Board to refuse to approve Iowa-American's Plan. Iowa-American has committed in its plan to continue to pursue and apply for any outside funding available to it and it intends to live up to that commitment.

15. Despite OCA's objections in the rate case, the Board determined that lead service lines pose a significant public health threat and those service lines should be replaced. Order, p. 46. OCA now seeks to delay, beyond reason, implementation of Iowa-American's program to address that threat. Iowa-American's Plan is thoughtful and methodical and is based on its expertise in lead service line replacement, the location of lead service lines (many of which have been in place long before Iowa-American owned them), inventory methodologies, replacement protocols and the record of this case. The Company's plan complies with the Board's instructions and should be approved.

WHEREFORE, Iowa-American respectfully requests that the Board reject OCA's proposal to suspend and docket the Company's Compliance Filing, that the Board approve Iowa-American's Lead Service Line Replacement Plan and that the Board authorize cost recovery as outlined herein.

Dated November 1, 2021.

Respectfully submitted,

**BROWN, WINICK, GRAVES, GROSS, AND
BASKERVILLE, P.L.C.**

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