

STATE OF IOWA
DEPARTMENT OF COMMERCE
BEFORE THE IOWA UTILITIES BOARD

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

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

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”) Reply to OCA’s Response to Iowa-American’s “Lead Service Line Replacement Plan and Inventory” 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 stated that

the Plan outlined 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.

3. On October 26, 2021, OCA filed its "Response to Lead Service Line Replacement Plan and Request to Docket Plan for Further Investigation." In its Response, OCA asserted that Iowa-American's Plan, as submitted, lacked detail regarding the identification of lead service lines, the prioritization of line replacement, the cost of replacement recovered through the Qualified Infrastructure Plant (QIP), and a detailed explanation of unavailable funding sources. OCA asked the Board to suspend the Plan and require Iowa-American to provide more detailed information.

4. On November 1, 2021, Iowa-American filed its "Reply to OCA Response to Lead Service Line Replacement Plan" and included additional detail regarding its Plan as well as a list of potential funding sources that the Company reviewed.

5. In its Reply, Iowa-American acknowledged that as it begins to execute its Plan, a more detailed and complete inventory and mapping of lead service lines in Iowa-American's service territory will become available. OCA understands this acknowledgment as a commitment by Iowa-American to continually modify its strategy as the Plan is executed to appropriately prioritize its replacement of lead service lines. OCA will look forward to reviewing Iowa-American's annual updates and will use those opportunities to ensure that the Company is appropriately prioritizing its lead line replacement efforts.

6. OCA continues to be concerned with the lead line replacement costs that Iowa-American intends to recover through the QIP. Iowa-American identified six steps it intends to take to update its current lead service line inventory for compliance with the revised EPA Lead

and Copper Rule, the Board's Order, and the replacement of lead service lines in the Clinton and Quad Cities systems. Iowa-American also admitted that these steps have not yet been completed. (Attachment A, pp. 1-2). OCA understands and accepts that more detailed cost information will become available as Iowa-American's Plan is executed. However, the Board made clear that the costs of "additional proactive efforts to locate and replace 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. (Final Decision and Order, p. 47). The six steps identified in Iowa-American's Plan appear to be "additional proactive efforts" that were not originally contemplated by the Board in the rate case and the Board has not approved these efforts for cost recovery through the QIP. Until such a time as Iowa-American receives approval from the Board for the recovery of the costs associated with these efforts, OCA will review Iowa-American's annual updates to ensure that the costs of the additional proactive efforts to locate and replace lead service lines identified in the Company's Plan, and any other non-eligible costs, are not included for recovery through the QIP.

7. Also as part of its Reply, Iowa-American provided greater description of the Company's efforts to secure government or charitable funding sources available for lead service line replacement. The information submitted supports Iowa-American's claim that it has seriously pursued available funding opportunities and the Company indicates that it will be applying for additional funding when submitting its application for Drinking Water State Revolving Funds. OCA suggests that the list of projects Iowa-American is required to submit annually for continued State Revolving Funds also be included in the Company's annual Lead Service Line Replacement Plan updates in addition to any responses provided by the Department of Natural Resources for each of the requested projects. OCA will look forward to reviewing

Iowa-American's annual updates regarding its ongoing efforts to secure additional funding and encourages Iowa-American to expand its efforts to include input from other companies, including other American Water Company subsidiaries, and industry trade groups, such as the National Association of Regulatory Utility Commissions – Committee on Water, for additional funding sources that may become available.

8. OCA appreciates the additional Plan detail and information that Iowa-American included in its Reply. Accordingly, OCA has no objection to the Lead Service Line Replacement Plan and withdraws its request to docket the Plan for additional investigation. OCA will continue to monitor and review the annual Plan reports and provide comment as necessary.

WHEREFORE, OCA has no objection to the Lead Service Line Replacement Plan filed by Iowa-American on August 27, 2021, as supplemented on November 1, 2021, and withdraws its request to docket the Plan for additional investigation.

Respectfully submitted,

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