

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. RPU-2019-0001 (TF-2019-0017, TF-2019-0018)
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**ORDER APPROVING CORPORATE UNDERTAKING, SCHEDULING ORAL
ARGUMENT, DOCKETING PROPOSED TARIFF, GRANTING INTERVENTIONS,
DENYING MOTION TO CONSOLIDATE, SETTING SCHEDULING CONFERENCE,
AND REQUIRING ADDITIONAL INFORMATION**

(Issued March 26, 2019)

On March 1, 2019, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) an application for revision of its electric rates. IPL's application has been identified as Docket No. RPU-2019-0001. Along with the application, IPL also filed proposed tariffs, identified as Docket Nos. TF-2019-0017 and TF-2019-0018, setting forth temporary rates and its proposed final rates respectively, pursuant to Iowa Code chapter 476 and 199 IAC chapter 26.

On March 1, 2019, ITC Midwest, LLC (ITC Midwest), filed a petition for intervention. On March 8, 2019, the Iowa Business Energy Coalition (IBEC) filed a motion to intervene. Also on March 8, 2019, the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, filed an appearance and a motion to reduce interim rates. On March 11, 2019, OCA filed an objection to the proposed procedural schedules and the Large Energy Group (LEG) filed a petition to

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intervene. On March 12 and March 13, 2019, LEG and IBEC made filings supporting OCA's objection to IPL's proposed procedural schedules and joining in OCA's motion to reduce interim rates. On March 21, 2019, OCA filed an objection and request for hearing. Also on March 21, 2019, IPL filed a response to OCA's objection to the procedural schedules.

On March 21 and 22, 2019, IPL made additional filings supplementing its application.

CORPORATE UNDERTAKING

In Docket No. TF-2019-0017, IPL filed a tariff designed to provide an annual revenue increase of \$89,891,724 on a temporary basis. IPL explains that the temporary electric tariffs will become effective on April 1, 2019, pursuant to Iowa Code § 476.6(9). The temporary rates are subject to refund. In lieu of a bond, IPL submitted a corporate undertaking in the amount of \$89,891,724, an amount equal to the anticipated annual increase in revenues under the temporary rates.

Iowa Code § 476.6(9)(a) provides that if a utility chooses to place temporary rates into effect without prior Board review, the utility shall file a bond or corporate undertaking for approval by the Board. IPL agrees in its corporate undertaking to refund any excess revenues, plus interest, that it collects to the extent that temporary rates exceed the final rates approved by the Board in this proceeding or are not based upon previously established regulatory principles. IPL's corporate undertaking in the amount equal to the projected amount of its temporary revenue increase

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satisfies the requirements of Iowa Code § 476.6(9)(a). The Board will therefore approve IPL's corporate undertaking filed on March 1, 2019.

MOTION TO REDUCE INTERIM RATES

In its motion filed March 8, 2019, OCA requests that the Board reduce IPL's interim rates. OCA asserts that IPL has used a 10 percent return on equity to calculate its interim rates even though its current tariffs incorporate a 9.6 percent return on equity and its proposed final rates only seek a 9.8 percent return on equity. OCA argues this return is improper and not reasonable or just. IBEC and LEG join in OCA's motion.

In its response filed on March 13, 2019, IPL argues that the motion is premature as Iowa Code § 476.6(9)(a) allows the Board to consider ordering refunds of interim rates at the conclusion of the proceeding if they were not based on previously established regulatory principles. According to IPL, OCA's motion appears to rely on an earlier version of the relevant statute which contained an option for a utility to ask the Board, at the start of a rate case, for authority to implement interim rates. IPL points out that recent legislation eliminated that option. (IPL Response at 6, citing 2017 Iowa Acts ch. 21 §§ 3, 4.)

IPL argues that the motion should fail on substantive grounds because the return on equity incorporated into interim rates is based on previously established regulatory principles established by the Board in IPL's last fully litigated electric rate review proceeding, Docket No. RPU-2010-0001. IPL does not believe a rate that

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was the result of a settlement, or a contested case involving a wholly separate water utility, as relied upon by OCA, should apply in this case.

In its March 15, 2019 reply, OCA argues that the Board has broad general authority to implement Iowa Code Chapter 476. OCA asserts the Board can intervene on behalf of customers if rates are not reasonable. OCA argues that the return on equity in the Board's Final Decision and Order in Docket No. RPU-2010-0001 is 9.531 percent, not 10 percent, when the double leverage adjustment is removed. OCA asserts that returns on equity have been decreasing in recent years. OCA argues that the return on equity established in 2017, in the most recent fully litigated rate case proceeding before the Board (a proceeding involving Iowa-American Water Company, Docket No. RPU-2016-0002), should be used because it provides a more timely established regulatory principle than the 2010 decision in IPL's last fully litigated electric case.

On March 22, 2019, IPL filed a sur-reply to OCA's motion to reduce interim rates.

The Board will schedule an oral argument to be held on April 1, 2019, beginning after the conclusion of the scheduling conference that will be set by this order, to allow the parties to present their respective arguments regarding the legal and factual issues raised in OCA's motion to reduce interim rates and IPL's replies. Arguments from the parties, including IBEC and LEG, who have joined in OCA's motion, shall address whether Iowa law allows the Board to rule on OCA's motion

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and reduce interim rates at this time and, if so, how the Board should proceed to address the motion. Arguments shall also address the merits of OCA's motion regarding IPL's use of a ten percent return on equity for the interim rates.

INTERVENTIONS

ITC Midwest, IBEC, and LEG have all filed petitions to intervene in this matter. ITC Midwest states that it has a significant interest in this matter because it is the transmission provider for IPL and transmission-related issues may arise in this case. IBEC states it is an association of some of Iowa's largest and most energy-intensive employers, some of whom could be significantly affected by changes to IPL's rates. LEG states it is a group of major electric service customers of IPL with a clear interest in the outcome of this proceeding. Both IBEC and LEG state they intend to file testimony and participate in the hearing in this matter, including the cross-examination of witnesses. ITC Midwest states it does not intend to directly participate at this time, but may do so if issues arise for which it may provide useful information.

The Board finds that ITC Midwest, IBEC, and LEG each have unique interests in this docket that cannot be adequately represented by other means or other parties. No other party has objected to the petitions for intervention. The Board will grant the petitions for intervention.

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MOTION TO CONSOLIDATE AND SCHEDULING CONFERENCE

In its application, IPL asks the Board to consolidate this docket with Docket No. RPU-2019-0002, which involves IPL's request for an increase in its natural gas rates, for purposes of hearing. IPL argues that a joint hearing would save time and expense for all parties and the Board because IPL uses a future test year in both applications and there is considerable overlap of issues and witnesses between the dockets. IPL proposed several possible procedural schedules dependent on whether the Board consolidates the two cases or chooses to keep them separate.

OCA, IBEC, and LEG object to IPL's proposed procedural schedules and request a scheduling conference be held to resolve the issues raised by all of the parties.

The Board has considered IPL's request to consolidate the two rate cases for purposes of hearing. Because the Board is concerned that consolidation would make it difficult to maintain distinct evidentiary records in the two cases, the Board will not consolidate the two cases. However, the Board believes there are ways to achieve efficiencies without consolidating the cases. The Board intends to hold the hearing for the electric case first, followed by the hearing for the natural gas case approximately two weeks later. To the extent that testimony in the gas case would be repetitive of testimony already given in the electric case, the Board will consider taking official notice in the natural gas case of the transcript of the hearing for the electric case and will not require the same questioning of witnesses in the natural gas

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case, to the extent due process allows. The parties may have other suggestions for how to conduct the separate hearings as efficiently as possible.

The Board will set a scheduling conference for 1 p.m. on April 1, 2019, to discuss these and other procedural matters in both this docket and Docket No. RPU-2019-0002. The parties, including any intervenors and other persons who intend to intervene and have filed an appearance on or before March 28, 2019, shall be prepared to discuss procedural deadlines and other preliminary issues. OCA and Board Staff are also continuing to review IPL's application, and any issues regarding the completeness of the application may be discussed at the scheduling conference.

An agenda for the scheduling conference is attached to this order. Also attached is a chart showing IPL's proposed procedural schedules for non-consolidated proceedings and the Board's proposed schedules.

ADDITIONAL INFORMATION REQUIRED

The Board's rules for cases considering rate increase applications are found at 199 IAC 26. Subrule 26.5(5) specifies the evidence that a utility proposing changes in tariffs or rate schedules relating to a general increase in revenue must include with its application. IPL explains it used the current rules for the interim rates and proposed rule 26.5(6)(d) (which is pending in Docket No. RMU-2016-0027) for its proposed permanent rates, which are based on a future test year. Current subrule 26.5(6) requires the applicant to furnish any additional evidence required by the Board at any time after the filing of the proposed tariff.

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Based on the Board's initial review, the Board has identified certain issues with IPL's Application and will require IPL to provide the following additional information:

1. When attempting to open and examine the exhibit identified as IPL Fields Direct Exhibit 7, which is associated with Exhibit 11 Workpapers, a Microsoft Excel error message appears. The error message indicates there are links to external documents. IPL should refile IPL Fields Direct Exhibit 7 and Exhibit 11 Workpapers after correcting any errors which prevent the Board and other parties from examining the exhibit.
2. IPL should file a complete listing of the minimum filing requirements that apply to electric rate cases using a future test year in the state of Wisconsin, with references to the source of each requirement.
3. IPL Vognsen Exhibit 1 (Final)(e) includes a column titled Weather-Normalized kWh. IPL should file (or indicate the location of) information detailing, explaining, and supporting any weather-normalization adjustments IPL may have made to its electric sales that result in the sales units shown in the exhibit.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. The "Motion for Approval of Corporate Undertaking" filed on March 1, 2019, by Interstate Power and Light Company, is granted and the corporate undertaking filed by Interstate Power and Light Company is approved.
2. An investigation is initiated to determine the reasonableness of the proposed permanent rate increase filed by Interstate Power and Light Company, identified as TF-2019-0018. This matter will be identified as Docket No. RPU-2019-0001, a formal contested case proceeding. The expenses reasonably attributable to

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this investigation will be assessed to Interstate Power and Light Company in accordance with Iowa Code § 476.10.

3. An oral argument is scheduled for April 1, 2019, regarding the Motion to Reduce Interim Rates filed on March 8, 2019, by the Office of Consumer Advocate, a division of the Iowa Department of Justice. The oral argument will begin at the conclusion of the scheduling conference set to begin at 1:00 p.m. on April 1, 2019.

4. The proposed tariff to implement a permanent rate increase identified as Docket No. TF-2019-0018 is docketed and suspended pursuant to Iowa Code § 476.6.

5. The petition for intervention filed by ITC Midwest, LLC, on March 1, 2019, is granted.

6. The petition for intervention filed by the Iowa Business Energy Coalition on March 8, 2019, is granted.

7. The petition for intervention filed by the Large Energy Group on March 11, 2019, is granted.

8. The motion to consolidate Docket Nos. RPU-2019-0001 and RPU-2019-0002 for purposes of hearing filed by Interstate Power and Light Company on March 1, 2019, is denied.

9. A scheduling conference to discuss procedural matters and schedules for Docket Nos. RPU-2019-0001 and RPU-2019-0002 will be held at 1 p.m. on Monday, April 1, 2019. The parties, including any intervenors, and any other person

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who files an appearance on or before March 28, 2019, shall be prepared to discuss procedural deadlines, what additional information is required from IPL, and any other preliminary issues that have arisen.

10. The parties may participate in the scheduling conference by appearing in person at the scheduled time at the IUB/OCA Building at 1375 East Court Avenue, Des Moines, Iowa, or by participating through the Utilities Board webinar. Parties wishing to participate through the Utilities Board webinar should register for the “RPU-2019-0001 and RPU-2019-0002: Interstate Power and Light Company Scheduling Conference” on or before 5 p.m. on Thursday, March 28, 2019, using the link: <https://attendee.gotowebinar.com/register/168812815741181698>. Those registering will receive a confirmation email containing information about joining the webinar at the above-specified time and date. If a party has problems registering for the webinar, contact Bradley Nielsen at 515-725-7302. If a party has problems during the webinar, contact the Utilities Board at 515-725-7300 for assistance.

11. On or before March 29, 2019, Interstate Power and Light Company shall provide the following information in Docket No. RPU-2019-0001:

1. A corrected version of IPL Fields Direct Exhibit 7 and Exhibit 11 Workpapers.
2. A complete listing of the minimum filing requirements that apply to electric rate cases using a future test year in the state of Wisconsin, with references to the source of each requirement.

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3. Information detailing, explaining, and supporting any weather-normalization adjustments Interstate Power and Light Company has made to its electric sales or, if that information is already included in the application, where it can be located.

UTILITIES BOARD

/s/ Geri D. Huser

/s/ Nick Wagner

ATTEST:

/s/ Kelsie Vanderflute

/s/ Richard W. Lozier, Jr.

Dated at Des Moines, Iowa, this 26th day of March, 2019.

RPU-2019-0001 and RPU-2019-0002
In Re: Interstate Power and Light Company
Scheduling Conference
1:00 p.m., April 1, 2019
IUB/OCA Building

Agenda

- I. Appearances
- II. Completeness of IPL's Applications
- III. Procedural Schedules
- IV. Presentation of Evidence Common to Both Cases
- V. Other Business

Proposed Procedural Schedules (cases not consolidated)

RPU-2019-0001 (Electric)

Filing/Activity	IPL's Proposal	Board's Proposed Schedule
IPL's Application and Direct Testimony Filed	March 1, 2019	March 1, 2019
Customer Comment Meetings	April 11 – May 23, 2019	April 11 – May 23, 2019
Petitions to Intervene	April 2, 2019	20 days after order setting procedural schedule, unless shortened by Board
OCA & Intervenor Direct Testimony	June 7, 2019	July 10, 2019
OCA & Intervenor Rebuttal to Each Other	June 24, 2019	July 17, 2019
IPL Reply Testimony to OCA and Intervenors	July 5, 2019	July 26, 2019
OCA & Intervenor Rebuttal to IPL	July 17, 2019	August 5, 2019
Joint Statement of Issues	July 22, 2019	August 19, 2019
Pre-Hearing Briefs	July 22, 2019	August 19, 2019
Notice of Settlement	July 26, 2019	September 9, 2019
HEARING	September 18-20, 2019 (IP Witness not available October 21 – November 1)	October 7 – 9
Simultaneous Initial Briefs	October 11, 2019	
Simultaneous Reply Briefs	October 28, 2019	