
IOWA UTILITIES BOARD
Energy Section

Docket No.: RN-2009-0003
Utility: Interstate Power & Light Company
File Date/Due Date: January 23, 2009/February 23, 2009
Memo Date: February 12, 2009

TO: The Board

FROM: Wes Bridgeman

SUBJECT: Proposed Electric Rate Notification (RN)

I. Background/Analysis

On January 23, 2009, Interstate Power and Light Company (IPL) filed a petition with the Iowa Utilities Board (Board) requesting approval of a proposed nonstandard rate notification pursuant to 199 IAC 26.5(1)"d"(1). The Iowa Administrative Code (IAC) states that the utility has to have prior approval of any nonstandard rate notice. The IAC also states "Any public utility, as defined by Iowa Code section 476.1, which proposes to increase rates or charges and is not in substantial compliance with the form prescribed in 26.5(1)"c" above, shall submit to the board not less than 30 days before providing notification to its customers in accordance with 26.5(1)"b," ten copies of such proposed notice for approval."

In paragraph 1, IPL states it is preparing to file an application for increased rates pursuant to the current provisions of Iowa Code § 476.6. The Iowa Code states: 1) "A public utility may choose to place in effect temporary rates, charges, schedules, or regulations without board review ten days after the filing under this section. If the utility chooses to place such rates, charges, schedules, or regulations in effect without board review, the utility shall file with the board a bond or other corporate undertaking approved by the board conditioned upon the refund in a manner prescribed by the board of amounts collected in excess of the amounts which would have been collected under rates, charges, schedules, or regulations finally approved by the board." Or 2) "Upon the request of a public utility, the board shall, when required by this subsection, grant the public utility temporary authority to place in effect any or all of the suspended rates, charges, schedules or regulations by filing with the board a bond or other undertaking approved by the board conditioned upon the refund in a manner to be prescribed by the board of any amounts collected in excess of the amounts which would have been collected under rates, charges, schedules or regulations finally approved by the board."

In paragraph 19, IPL states that as permitted under 199 IAC 26.5(1)"f"(2), IPL intends to mail the nonstandard notice as a separate mailing to customers on approximately March 17, 2009. In paragraph 20, IPL states in order to achieve the March 17, 2009, filing date, IPL request expedited treatment of this application for non-standard notices.

In paragraph 16, IPL states that the information required by 199 IAC 26.5(1)"d"(3) is critical information for the customers. The required information provides customers with the impacts of a proposed increase in rates as well as the process of the rate case. IPL says customers also request information on the causes for the application to increase rates and ways to mitigate the impacts of increased rates. Therefore, in addition to the requirements in "d," IPL says the President of IPL, Tom Aller, will include a letter as part of the proposed notices. The letter helps provide additional information to customers in one communication, and has been part of IPL's previous customer notices (Docket RN-04-1). IPL will file with the Board the rate case explanation letter to be used in the proposed notices, for informational purposes, at a later date.

In paragraph 3, IPL says In Docket No. RPU-05-3, Order on Rehearing, issued June 7, 2006, the Board indicated the customer rate notice may not need to be the same for all customer classes or pricing zones, noting that a bill message may be sufficient for customers who experience a rate decrease, while lighting customers are likely to require a separate written notification. The Board indicated IPL could ask the Board to consider alternatives to the standard notice for some customers or customer classes.

In paragraphs 4, 5, 6, 7, 8 and 9, IPL says customers have expressed a desire to know the impacts specific to their situation in a user-friendly format. Therefore, the proposed nonstandard notice addressed the customer's need. IPL provided a list of goals for the nonstandard notices:

- a. Provide effective notice of IPL's application to increase rates.
- b. Make the notices as understandable as possible for every customer class.
- c. Provide information on how to participate in the rate case process.
- d. Provide access to resources for more information about the rate case for customers via telephone or Internet.

Form B, from 199 IAC 26.5(1), would not adequately meet these goals for customers. Therefore, by using the above goals, IPL seeks Board approval of five nonstandard rate notices. The notices contain the necessary information identified and required in the standard notice 199 IAC 26.5(1)"d"(3) of IPL's stated goal "a." IPL filed rate notices as follows: Residential, General Service, Large General

Service, Large General Services Bulk, and Municipal Lighting customer classes thus meeting the stated goal of notice “b.” This nonstandard notice allows customers who have nonmetered area lighting service along with metered electric service to receive information required by 199 IAC 26.5(1)”d”(3) since these customers have their nonmetered service depicted on their monthly bill along with their metered service. In addition, IPL has included in the proposed notice a paragraph informing customers of IPL’s proposed automatic adjustment rider for the costs of transmission service being provided by ITC Midwest (ITC) under rates approved by the Federal Energy Regulatory Commission (FERC).

In paragraphs 10 and 11, IPL noted that 199 IAC 26.5(1)”c”(3) requires averages used in the standard form to be median averages. Instead of using the median averages, IPL proposes to base its calculations on the arithmetic mean system for customers’ electricity usage for each class to show the typical bill impact. This method was approved in Docket No. RN-04-1 where the Board’s Order stated, “The use of mean averages appears to better communicate to most customers the impact of the impending rate case.”

In paragraphs 12, 13 and 14, IPL says the differences in the mean average between all zones for Residential and General Service classes are no longer as significant as in previous rate cases due to the substantial progress that has been made through rate equalization. The mean average for these two classes is shown in IPL’s filed Attachment 6. IPL expects that the proposed increase in base rates will be uniform across all customer classes. As a result, IPL believes it is not necessary to include all customer classes in the nonstandard customer notice. Thus, calculations in the rate case notice based on typical usage by system class will similarly reflect the fact that customers are part of the IPL system and not served differently because they reside in a different zone. Such an approach more accurately reflects the reality of IPL’s electric service. There are two steps remaining in equalization. The 4th step is expected in 2009, and the 5th step is expected to occur in 2010.

No objection has been filed.

Staff analysis:

Staff believes IPL’s proposed nonstandard rate notices provide the customer with adequate information about IPL’s plan to increase its electric rates. Therefore, for the reasons stated in this report, Staff recommends approval of these nonstandard rate notices. In addition, similar nonstandard rate notices were used in IPL’s rate notice Docket RN-04-1 regarding IPL’s rate case Docket RPU-04-1. Staff further recommends the Board grant IPL’s request for expedited treatment of the nonstandard rate notices.

Customer Service has proposed the following schedule for consumer comment hearings in the rate case:

Consumer Comment Schedule:

1. Tuesday, April 28, 2009, 5:30 p.m. - Clarke High School Auditorium, 800 North Jackson, Osceola
2. Thursday, April 30, 2009, 5:30 p.m. - Kirkwood Training & Outreach Services Center (KTOS), 3375 Armar Drive, Marion
3. Tuesday, May 12, 2009, 5:30 p.m. - St. Mary's Parish Center, 415 - 11th Street, Fort Madison
4. Wednesday, May 13, 2009, 5:30 p.m. - Ottumwa High School Auditorium, 501 East Second Street, Ottumwa
5. Thursday, May 14, 2009, 5:30 p.m. - Muse-Norris Conference Center, Rooms 180DEF, North Iowa Area Community College (NIACC), 500 College Drive, Mason City
6. Thursday, May 21, 2009, 5:30 p.m. - Grand River Center, Meeting Rooms 2/3, 500 Bell Street, Dubuque

II. Recommendation

Attached for the Board's consideration is an order approving the nonstandard rate notices proposed by IPL

cc: Standard Distribution