
IOWA UTILITIES BOARD
Energy Section

Docket No.: RFU-2009-0005

(RPU-2009-0004)

Utility: Iowa-American Water Co.

Memo Date: December 18, 2009

TO: The Board

FROM: Steve Zimmerman

SUBJECT: Iowa-American Water Company's Proposed Refund Plan

I. Background/Analysis

On April 30, 2009, Iowa-American Water Company (Iowa-American) filed to increase its total revenue by approximately \$9.4 million. On May 29, 2009, the Office of Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed an Answer, Objection and Response to Iowa-American's Rate Application. No other parties intervened.

On July 27, 2009, the Iowa Utilities Board (Board) issued an order allowing Iowa-American to increase its total revenue on a temporary basis by \$6,817,952. The Board ordered the temporary rates to become effective July 27, 2009.

On August 21, 2009, less than a month after Iowa-American's temporary rates became effective, Iowa-American and the Office of Consumer Advocate filed a proposed Settlement Agreement (Settlement). According to the Settlement, Iowa-American would increase its total revenue by \$6,060,000, which is \$757,952 less than the approved temporary revenue.

On October 8, 2009, the Board issued an order approving the Settlement and requiring Iowa-American to file Compliance Tariffs containing revised customer rates. Iowa-American filed Compliance Tariffs on October 12, 2009. On November 3, 2009, the Board issued an order approving Iowa-American's Compliance Tariffs.

The final increase approved by the Board is less than the approved temporary increase, therefore, the Board required Iowa-American to file a refund plan. Iowa-American filed the required plan, Docket No. RFU-2009-0005, on November 3, 2009. Iowa-American filed revisions to the plan on December 14, 2009.

Iowa-American calculates the total refund amount, applicable to the period that it billed customers using temporary rates (July 27, 2009 through November 5, 2009), to be approximately \$227,000. Iowa-American states it will include interest on the refunds of 12.89 percent. As required by Iowa Code § 476.6(10), interest on the refunds is calculated at 2 percent per annum plus the average quarterly interest rate at commercial banks for the 24-month loans for personal expenditures as set forth in the Federal Reserve Statistical Release G.19. Interest will be applied on the refunds to the date the refund is tendered. Iowa-American estimates the average customer refunds will be as shown in the following table:

	Residential	Commercial	Industrial	Other Public Authority
Clinton	\$2.33	\$11.74	\$72.42	\$19.45
Quad Cities	\$0.20	\$29.27	\$163.01	\$11.85

Staff has no issues with Iowa-American's proposed refund plan and recommends the Board approve the plan. Iowa-American states that it will file a refund report within 90 days after all refunds have been made.

II. Recommendation

Direct General Counsel to draft, for the Board's consideration, an order approving Iowa-American's refund plan. Iowa-American should also be required to file a refund report within 90 days after the refunds are completed.

RECOMMENDATION APPROVED

IOWA UTILITIES BOARD

/sz

/s/ Robert B. Berntsen 12/21/09
Date

/s/ Krista K. Tanner 12/22/09
Date

/s/ Darrell Hanson 12/22/09
Date

cc: Standard Distribution