
IOWA UTILITIES BOARD
Energy Section

Docket No.: EAC-2013-0024 &
TF-2014-0529

Utility: Interstate Power and Light
Company

File Date/Due Date: November 21, 2014 /
December 21, 2014

Effective Date: January 1, 2015

Memo Date: December 15, 2015

TO: The Board

FROM: Ellen Shaw

SUBJECT: Request to Approve Regional Transmission Service Rider Fourth
Year Compliance Filing and Tariff

I. Background/Analysis

On January 10, 2011, the Iowa Utilities Board (Board) issued its Final Decision and Order in Docket No. RPU-2010-0001 which approved Interstate Power and Light Company's (IPL's) request to implement a transmission cost recovery rider (Rider) on a pilot basis. On September 24, 2014, the Board's Order Approving Settlement and Requiring Reports in Docket No. RPU-2014-0001 approved continuation of the Rider. On November 21, 2014, IPL filed with the Board its Fourth-Year Compliance Filing and Tariff (Fourth Year Compliance Filing) for its Rider under Docket Nos. EAC-2013-0024 and TF-2014-0529.

The Rider recovers transmission costs billed by the Midcontinent Independent System Operator, Inc. (MISO) and other transmission-related costs. The Rider has cost recovery factors applicable by customer class. Since the Rider went into effect, IPL has filed monthly reports detailing transmission costs and revenues. Each November, IPL has filed annual revisions to the factors it proposes to become effective on January 1 of the following year.

The Fourth Year Compliance Filing includes a proposed 2015 Rider tariff as well as: 1) the calculation of the 2015 Rider factors; 2) the reconciliation balance of the prior year (2014) transmission expenses and corresponding Rider revenues; 3) the estimated 2015 transmission expenses; and 4) the billing determinants. IPL proposed that the 2015 cost recovery factors become effective on January 1, 2015.

The following table compares IPL's prior Rider factors to its proposed 2015 factors.

Rider Factors by Customer Class (\$/kWh or \$/kW)

Year	Residential (per kWh)	General Service (per kWh)	Large General Service/Bulk (per KW)	Lighting (per kWh)	Standby (per kW)
2012	\$0.01811	\$0.01877	\$5.59	\$0.01954	\$5.65
2013	\$0.02342	\$0.02356	\$6.68	\$0.02406	\$7.09
2014	\$0.02523	\$0.02576	\$7.26	\$0.02659	\$7.69
2015	\$0.02567	\$0.02579	\$7.40	\$0.02797	\$7.82

The cumulative tracker balance from the October 2014 monthly transmission report filing in Docket No. EAC-2013-0024 is refunded with the estimated 2015 transmission expenses. This tracker balance represents the cumulative over/under recovery of transmission expenses for the time period November 2013 through the October 2014 revenue month. The 2014 tracker balance is a \$6,639,502 over collection. Over/under recovery for the revenue months of November and December 2014 under the current Rider factors will be reconciled as part of the next year's annual filing.

Estimated 2014 transmission expenses have been broken out by month according to either the MISO transmission schedule or non-MISO transmission provider. IPL states that these estimated 2015 expenses reflect known changes in transmission provider charges. IPL's projected net expenses for 2015 total \$308,545,248. (Board staff notes that IPL's projected net expenses for 2014 in Docket No. EAC-2012-0023 total \$307,372,923.)

IPL projected the kWh or KW billing determinants for 2015 based on the actual kWh billed or KW billing demands for the time period November 2013 through October 2014. The billing determinants for the Standby class were based upon contract demands in effect at the close of the October 2014 revenue month.

Board staff notes that the resulting increase in IPL's proposed Rider factors for 2015 is relatively small compared to increases in prior years. IPL reported that the largest expense increase is for Schedule 9, Network Integration Transmission Service expenses, which are related to ITC-Midwest LLC's charges based upon its Attachment O. Staff notes that while the estimated expenses for the MISO Schedule 26-A, Multi-Value Project Usage Rate, are a much smaller share of the total MISO expenditures, they also show a large increase for 2015 compared to actual 2014 expenses. Staff is aware that the MISO Regional Projects expenditures are expected to continue to increase over the next several years, with the ITC Midwest Rate Zone costs increasing accordingly.

The Fourth Year Compliance Filing included a copy of IPL's proposed 2015 customer bill message for each customer class and the bill insert. The bill messages and the bill insert follow a similar format as were accepted for the 2014 factors by listing the 2014 factor, the 2015 factor, and the percentage of average total bill impact of the factor change. IPL indicated that the information addressing the change in the 2015 transmission rates will also be available on IPL's website. The Board's Customer Service staff has reviewed the proposed 2015 customer bill messages and bill insert and believes that they should be accepted.

No objections have been filed. Staff has completed its review and recommends that the rates IPL has proposed in Docket Nos. EAC-2013-0024 and TF-2014-0529 be approved with an effective date of January 1, 2015.

II. Recommendation

Approve Docket No. EAC-2013-0024 and TF-2014-0529, with an effective date of January 1, 2015, by letter signed by the Energy Section Manager, subject to complaint or investigation.

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