

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

<p>IN RE:</p> <p>OFFICE OF CONSUMER ADVOCATE,</p> <p>Petitioner,</p> <p>v.</p> <p>INTERSTATE POWER AND LIGHT COMPANY,</p> <p>Respondent.</p>	<p>DOCKET NO. FCU-2016-0011</p>
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**ORDER ESTABLISHING FORMAL COMPLAINT PROCEEDING,
PROCEDURAL SCHEDULE, AND TECHNICAL CONFERENCE**

(Issued October 25, 2016)

PROCEDURAL BACKGROUND

On October 4, 2016, the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, filed with the Utilities Board (Board) a "Request for Formal Proceeding" relating to the billing system and practices of Interstate Power and Light Company (IPL). Specifically, OCA states that on October 2, 2016, IPL's corporate parent, Alliant Energy Corporation (Alliant), posted information on Facebook indicating that IPL's billing system did not work as intended and that, as a result, IPL had submitted bills for electric service to customers for much higher amounts than usual, including charges for service provided in prior months. OCA

observes that the Board has received numerous calls or inquiries relating to IPL bills and that it expects the number to increase.

According to OCA, the nature and volume of customer inquiries and complaints suggest that IPL has failed to meet its obligation under Iowa Code § 476.3(1) as it relates to billing. More particularly, the Board's rules at 199 IAC 20.3(1) require that a utility's electricity sales be on the basis of meter measurements, and subrule 20.3(6) requires use of actual meter readings, allowing estimated readings only when an actual reading cannot be obtained. Customer inquiries and the information posted by Alliant indicate that IPL's billing practices may not be in compliance with the Board's rules, specifically 199 IAC 20.3(1) and 20.3(6). As a result, it appears that IPL customers were charged higher than expected bills and were deprived of the opportunity to respond to pricing signals by reducing their electricity consumption. OCA requests that the Board initiate a formal proceeding on its own motion pursuant to Iowa Code § 476.3 to address the issues raised by the complaints.

On October 10, 2016, IPL filed its "Response to Office of Consumer Advocate's Request for Formal Proceeding." IPL states that it is reviewing the circumstances underlying recent customer complaints about bills for electric service. IPL explains that to avoid billing errors, IPL's billing system "flags" for manual review bills for service based on meter readings that show a significant change in usage in comparison to prior usage data. If, however, a manual review confirming the meter

reading is not completed when the bill is due to be sent, IPL sends an estimated bill based on prior usage from the same month of the preceding year, if available. In subsequent bills, IPL includes a true-up to correct for the difference between the estimated bill and the actual usage for that billing cycle.

According to IPL, in the last several months its billing system flagged numerous customers' bills for manual review based on a significant change in usage. IPL states that "in most cases" the difference between the flagged bill and the prior experience "was primarily due to higher usage in the summer of 2016" which, in turn, IPL attributes to hotter weather in 2016 than in 2015. In some cases, manual review of a flagged bill was not completed in a timely manner and IPL sent those customers estimated bills based on the usage for the corresponding month in 2015. As a result, the estimates billed to some customers were lower than their actual summer 2016 usage and subsequent bills to these customers included a "true-up" to reflect the actual usage. These trued-up bills were in some instances significantly higher than anticipated by the customer.

With regard to OCA's request that the Board commence a formal proceeding, IPL responds that the Board's rules (specifically 199 IAC 6.3) establish the process for complaints by individual customers, including a 20-day period for utility review and response. Adherence to the established process is warranted, IPL argues, because the billing-related customer complaints received in recent weeks appear to stem from different causes and facts. In view of the diverse circumstances underlying the

individual complaints, IPL argues that individual evaluation is needed and a formal complaint proceeding would not provide an efficient process for investigating each individual complaint.

Instead, IPL proposes the Board conduct a workshop process pursuant to its broad authority under Iowa Code § 476.2 to “inquire into utility activities.” Such an approach might provide a more informal, flexible, and effective basis for identifying issues relating to estimated billing, and for the exchange of information and ideas, than would a contested case proceeding. According to IPL, a workshop could also support IPL’s ongoing effort to review the circumstances that led to the issuance of estimated bills.

On October 11, 2016, OCA filed a “Reply to IPL’s Response to OCA’s Request for Formal Proceeding” (Reply). OCA notes that, as of October 11, 2016, the Board’s Customer Service Section had received over 230 calls or inquiries related to IPL billing and that the impact on customers is significant. OCA states that the complaints raise a number of issues, including:

1. IPL’s accountability for inaccurate billing.
2. The need for an unbiased investigation.
3. Customer service times exceeding one hour.
4. No notice and opportunity to conserve or reduce usage.
5. Concerns about the ability to pay the true-up bills.
6. Excessive or inaccurate bills based on past history.
7. Threats of disconnection/shut-off.
8. Termination of customer budget billing.
9. Autopay banking overdrafts.
10. Failure to clearly identify on the bill it was an estimated reading.

According to OCA, it and the Board are required to investigate, to determine the causes, and to ensure that IPL implements suitable remedial action so that “customers are not subjected to similar treatment in the future.” Moreover, OCA states that the Board is required to “promptly initiate a formal proceeding if there is any reasonable ground for an investigation.” OCA notes the need for a fair and impartial process to determine the extent, causes, remedies, and means to ensure resolution of the issues identified and states that an expedited proceeding would allow the issues to be “addressed immediately to protect customers in the upcoming winter period.” By contrast, OCA argues that a workshop would not address customer concerns in a timely manner, would not produce an evidentiary record, and would not meet the need for an investigation.

BOARD DISCUSSION

Iowa Code § 476.3(1) establishes the standard to be applied by the Board in determining whether to open a formal complaint docket. This standard, in relevant part, is as follows:

If the board determines the public utility's response to the complaint is inadequate and there appears to be any reasonable ground for investigating the complaint, the board shall promptly initiate a formal proceeding.

Thus, the issue before the Board is whether the issues raised by OCA show that there are reasonable grounds for a formal investigation of this matter. The statutory "reasonable ground" standard was described in Office of Consumer

Advocate v. Iowa Utilities Board, 2010 WL 4104332 (Iowa App., October 20, 2010).

In the decision, the Court of Appeals stated that the facts supporting reasonable grounds need not be strong enough to sustain a conviction under the beyond-a-reasonable doubt standard, but must rise above a mere suspicion. (Slip op. at 7.)

Applying the standard established in the above case with the provisions in Iowa Code § 17A.10A, the Board will open a formal complaint proceeding as requested by OCA. Even though individual complaints are being investigated as part of the Board's informal complaint process, the Board finds there are significant issues involving the practices and procedures IPL follows for estimating bills that should be addressed in a separate formal proceeding. Because of the nature of the complaints and the issues raised by OCA, the Board considers it important that these matters be addressed as quickly as possible, since without some corrective action there appears to be the potential that these same circumstances could occur during the winter heating season.

To accomplish this goal, the Board will schedule a technical conference to allow IPL to provide an explanation of the billing procedures that resulted in the estimated and true up bills, the actions taken by IPL to address the complaints, and the actions taken by IPL to ensure the same issues do not arise in the future. The technical conference will be conducted by a Board Member and all parties shall appear. IPL shall make an initial presentation with the explanation described above.

In addition to the technical conference, the Board will establish a procedural schedule to allow OCA to address the issues it has listed with regard to the complaints and a hearing will be scheduled for December 5, 2016. The Board will include an intervention date in the procedural schedule.

The schedule adopted by the Board is an accelerated schedule to ensure that the issues are addressed as expeditiously as possible. Coupled with the technical conference, the circumstances that caused the complaints and the actions that need to be taken, or that have already been taken, should be adequately addressed. The December 5, 2016, hearing should also allow for Board staff to have completed the investigations and issued proposed resolutions in those complaints that were the result of the billing issues identified by IPL.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. A formal complaint proceeding identified as Docket No. FCU-2016-0011 is opened to address the issues described in this order.
2. A technical conference is scheduled for October 31, 2016, at 10 a.m., at the offices of the Utilities Board 1375 East Court Avenue, Des Moines, Iowa.
3. The Office of Consumer Advocate, a division of the Department of Justice, shall file prepared testimony on or before November 11, 2016.
4. Interstate Power and Light Company shall file prepared reply testimony on or before November 21, 2016.

5. A hearing is scheduled for 9 a.m. on December 5, 2016, for the purpose of the presentation of testimony, cross-examination, and responding to questions by the Utilities Board. The hearing shall be held in the Utilities Board's Hearing Room, 1375 East Court Avenue, Des Moines, Iowa. The parties shall appear thirty minutes before the start of the hearing to address procedural issues and to mark exhibits. Persons with disabilities requiring assistive services or devices to observe or participate should contact the Board at (515) 725-7334 five days in advance of the scheduled date to request that appropriate arrangements be made.

6. Applications to intervene shall be filed on or before November 3, 2016.

UTILITIES BOARD

/s/ Geri D. Huser

/s/ Elizabeth S. Jacobs

ATTEST:

/s/ Trisha M. Quijano
Executive Secretary, Designee

/s/ Nick Wagner

Dated at Des Moines, Iowa, this 25th day of October 2016.