

**STATE OF IOWA**

**BEFORE THE IOWA UTILITIES BOARD**

<p><b>IN RE:</b></p> <p><b>INTERSTATE POWER AND LIGHT COMPANY</b></p>	<p><b>DOCKET NOS. RPU-2019-0001</b> <b>RPU-2019-0002</b></p>
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**RESPONSE TO ORDER REGARDING  
CUSTOMER COMMENT MEETING QUESTIONS**

**COMES NOW**, Interstate Power and Light Company (IPL), and responds to the Order Regarding Customer Comment Meeting Questions, issued by the Iowa Utilities Board (Board) on July 17, 2019 (the Customer Comment Order). IPL responds to each question presented in the Customer Comment Order below.

**OVERVIEW**

In accordance with 199 IAC 26.9, the Board held ten customer comment hearings in these proceedings spanning a six-week period on the following dates and at the following locations within IPL's service territory (the Customer Comment Hearings).

<b>Location</b>	<b>Date</b>
Creston, IA	April 11, 2019
Marshalltown, IA	April 23, 2019
Storm Lake, IA	May 1, 2019
Mason City, IA	May 2, 2019
Decorah, IA	May 2, 2019
Ottumwa, IA	May 8, 2019
West Burlington, IA	May 22, 2019
Clinton, IA	May 22, 2019
Dubuque, IA	May 23, 2019
Cedar Rapids, IA	May 23, 2019

The Customer Comment Hearings addressed IPL's electric rate review proceeding

(Docket No. RPU-2019-0001) and natural gas rate review proceeding (Docket No. RPU-2019-0002).

During each of the Customer Comment Hearings, IPL appreciated the opportunity to talk with customers about IPL's proposal for a set of integrated customer investments and rate options that will prepare IPL and its customers for the future. Customer preferences and the energy industry are both changing. Customers want more of their energy to come from clean, renewable sources; want more energy choices that are affordable and sustainable; and want more control over their energy bills.

As discussed during the Customer Comment Hearings, IPL's investments directly respond to those changing customer preferences and reflect widely-accepted industry practice. IPL is continuing to transition its generating fleet to cleaner, more cost-effective sources of energy and capacity, including the addition of 1,000 megawatts (MW) of wind generation that will produce substantial economic benefits for IPL's customers and Iowa's communities, and which will help enable a 40 percent reduction in carbon emissions by 2030 and an 80 percent reduction by 2050. And, IPL is investing in Advanced Metering Infrastructure (AMI) for its more than 700,000 electric and natural gas customers, which will improve service and reduce customer costs. IPL is also investing in its energy grid to maintain high levels of reliability and to integrate increasing levels of customer-owned generation like rooftop solar, accommodate growing demand for electric vehicles, and take advantage of emerging technologies like battery storage.

IPL is able to deliver these customer investments with a projected overall increase in total retail electric rates of just two percent in 2019 and five percent in 2020. IPL has worked diligently to control customer costs by executing projects substantially

below budget; delivering fuel cost savings from added wind generation; pursuing tax strategies for the benefit of customers; and reducing and managing operation and maintenance costs.

In addition to the customer value provided by these investments, IPL is proposing rate options and customer energy choices like Alliant Energy's Community Solar Program, Customer-Hosted Renewable Solutions Program, Renewable Energy Partners Program, and the Fixed Amount Bill Program that are intended to enhance affordability, increase access to clean energy, and allow customers more control over their energy bills.

With respect to IPL's natural gas service, IPL's currently ongoing and planned investments in 2019 and 2020, respectively, ensure the continued safety and reliability of IPL's natural gas service for its customers. Those investments include replacement of aging materials, installation of new inspection and safety equipment, and the upgrade of existing pipelines for more reliable and expanded service. IPL is also proposing a Renewable Natural Gas (RG) Tariff Option to support customers seeking to distribute and market RG to third-party buyers by injecting it into IPL's gas distribution system. This will promote renewable energy and economic development by leveraging the strength of Iowa's agricultural industry.

At each Customer Comment Hearing, IPL responded to a wide range of questions from attendees regarding many aspects of IPL's customer service and generation fleet, including many of the proposals directly at issue in these proceedings. Despite its best efforts, IPL was naturally unable to respond, on the record, to each and every question and comment raised. Where possible, IPL representatives spoke further with individual customers and commenters following the hearing in an effort to answer

additional questions or more fully respond to their comments. To the extent that some questions still remain, as indicated by the Board in the Customer Comment Order, IPL appreciates the opportunity to respond to those questions here and to further describe the costs and benefits of the investments and customer options that are at issue in these proceedings.

## **RESPONSES**

### **Question No. 1:**

What percentage of eligible customers use the budget billing option and what percentage of those do not make their monthly payments on time?

### **IPL Response:**

Budget billing is a free program IPL offers to residential customers. It provides predictable monthly bills and adjusts periodically based on actual usage. While a small percentage of customers may not be eligible for budget billing due to usage requirements, 22 percent of residential customers are on budget billing. Of those residential customers on budget billing, 94.9 percent pay on time based on not having any past due amounts.

### **Question No. 2:**

What percentage of eligible customers are on payment agreements?

### **IPL Response:**

IPL provides customers with the option of paying past-due bills over an extended period of time by establishing a payment arrangement. IPL works with customers to determine a manageable payment amount and schedule based on several factors, including the size of the past due bill, how long the bill has been past due, the customer's payment history, and the reasons the bill is past due. As of July 26, 2019, approximately 13

percent of residential customers had a past due balance. Of those customers, 41 percent are currently on a payment arrangement.

**Question No. 3:**

How many residential customers have all-electric homes?

**IPL Response:**

IPL has not tracked residential customers with “all-electric” homes; however, IPL has generally assumed that customers who utilize electricity for space heating to be “all-electric.” Space heating customers were previously identified in IPL’s former billing system, although some of the electric space heating may have been supplementary and not the customer’s primary heating system. IPL discontinued the practice of tracking residential customers with electric space heating at the end of 2015 with the implementation of the new billing system. At the end of 2015, approximately 6 percent of residential customers utilized electricity for space heating (23,264 residential electric customers of a total of 400,369 residential customers). In 2018, there were approximately 401,100 residential electric accounts.

**Question No. 4:**

Has IPL considered a separate residential rate for all-electric homes, particularly during winter months?

**IPL Response:**

IPL offers a time-of-use rate to all residential customers. Many of IPL’s customers with all-electric homes have found this rate to be advantageous. In general, IPL sets rates based on customer classes who tend to have similar energy use profiles. These rates are based generally on how much energy is consumed rather than how that energy is consumed.

**Question No. 5:**

Are there extra costs associated with credit card payments, and, if so, are those costs paid solely by the customers using credit cards to pay their bills?

**IPL Response:**

IPL's customers are able to pay their bills through credit cards. Currently, customers who use a credit card to make a payment do so through a third-party vendor (Western Union). In addition to the bill, these customers directly pay a transaction fee that covers the cost of processing the payment.

In this docket, IPL proposes to allow customers to pay with a credit card directly through their AlliantEnergy.com account, similar to how bills are treated in most other industries (e.g., wireless/cell phones, internet and cable television). Under IPL's proposal, the transaction costs would be part of the utility's operating costs and customers paying with credit cards would not be charged a separate transaction fee, similar to how customers paying via Automated Clearing House (ACH), check and other methods are not charged a separate transaction fee.

**Question No. 6:**

Will IPL seek another rate increase in ten years to cover the maintenance on wind turbines being built as part of this case?

**IPL Response:**

There are multiple reasons why IPL may, in the future, file a rate review proceeding under Iowa Code section 476.6 to seek an adjustment to customer rates. IPL will determine at a later date, based on all of the facts and circumstances, whether it may need to file a rate review proceeding in ten years. However, as with many forms of renewable energy, the overall cost to operate and maintain wind generation facilities is relatively low compared to the capital cost of constructing those facilities, as well as

compared to the operation and maintenance costs of other types of generating facilities. Therefore, while there may be other reasons for IPL to file a rate review proceeding at some point in the future, barring any currently unforeseen circumstances regarding maintenance costs for IPL's wind generation facilities, it is unlikely that those maintenance costs would significantly drive the need for a rate review proceeding at that time.

**Question No. 7:**

What is the cost of the proposed renewable energy rider? Will the rider allow IPL to fix its costs and pass them on to customers?

**IPL Response:**

IPL has proposed establishment of a renewable energy rider (RER) in the electric rate review proceeding in order to ensure that all the financial benefits of currently planned and future renewable generation resources accrue to customers while at the same time adhering to the matching principle of aligning the costs and benefits in rates. In order for a renewable energy project to be eligible for inclusion in the renewable energy rider, that project must be subject to advanced ratemaking principles already approved by the Board in a prior proceeding under Iowa Code § 476.53.

In the electric rate review proceeding, IPL has proposed to recover an annualized revenue requirement of approximately \$66 million through the rider in 2020. IPL currently estimates that the new wind generation facilities will provide energy market benefits during each year of operation (for example, an estimated \$62 million in 2020), which will flow through the Energy Adjustment Clause (EAC). In addition to the lower fuel costs that flow through the EAC, customers also benefit from the production tax credits and capacity accreditation values that would flow through the RER.

The RER will not allow IPL to fix its costs; only the costs of projects previously approved by the Board will be recovered through the RER. IPL will file revised rates for the RER with the Board in the month of October each year (the annual true-up filing). In the annual true-up filing, for November 1 through the following October 30, IPL will reconcile the actual costs and benefits for each renewable energy project included in the RER with the forecasted costs and benefits of those projects for that time period. This includes the investment costs of each project, the production tax credits, the credit carryforwards, and capacity sales with the actual amounts. The true-up amounts will be reflected in revised rates, to take effect on January 1 the following year. Energy market benefits generated by a renewable project included within the RER would continue to flow through the EAC, which will fluctuate on a month to month basis dependent upon the actual energy market benefits.

**Question No. 8:**

What percentage of the rate increase is due to wind generation?

**IPL Response:**

IPL is in the process of developing and constructing 1,000 MW of new wind generation that will deliver low-cost renewable energy for IPL's customers in accordance with advance ratemaking principles approved by the Board in Docket Nos. RPU-2016-0005 and RPU-2017-0002 (New Wind I and II Projects or New Wind Projects). These projects will help power homes and businesses with sustainable, low-cost, emission-free energy now and for future generations. Wind generation facilities provide customers with cost-effective, renewable energy, while families and businesses within Iowa will benefit from the significant economic development value of IPL's wind expansion projects. That economic value is delivered through well-paying construction



jobs, added revenue through land-lease payments, and increased tax dollars to local governments to help fund county and local services. IPL's wind expansion projects also further IPL's strategy of transitioning its fleet to cleaner energy sources.

The New Wind Projects represent approximately \$66 million of the total approximately \$204 million requested change in retail electric rates, or approximately 32 percent of the total.

The approximately \$66 million cost does not include the energy savings projected to result from the New Wind Projects, which will flow through the EAC, or transmission costs specifically assigned to the projects through the Regional Transmission Service rider.

**Question No. 9:**

What percentage of the rate increase is due to AMI infrastructure investment?

**IPL Response:**

The AMI project will provide numerous benefits financial and reliability benefits to customers, including reduced meter reading costs and faster outage response. Over a 15-year period, the AMI project is expected to deliver \$1.34 in benefits for every \$1 in cost. In terms the total impact of the AMI investment relative to the total requested change in electric rates, including both interim and final rates, for the electric utility, the AMI infrastructure investment and associated changes in operating costs total approximately \$10 million for the 2020 forecasted test year. The \$10 million represents 5 percent of the approximately \$204 million requested increase in retail electric base rates. For IPL's gas utility, the AMI infrastructure investment and associated changes in operating costs total approximately \$3 million for the 2020 forecasted test year. The \$3

million represents 14 percent of the approximately \$21 million requested increase in retail natural gas base rates.

**Question No. 10:**

How much do the wind turbines cost, and are they more expensive than other types of generation used by IPL?

**IPL Response:**

Information concerning the specific wind turbines acquired by IPL under its turbine supply agreement for the New Wind Projects is subject to an order granting confidential treatment by the Board. See Docket No. RPU-2017-0002, Order Granting Applications for Confidentiality Filed November 13 and 22, 2017; December 15 and 20, 2017; January 12 and 26, 2018; February 5 and 19, 2018, at 6 (April 17, 2018).

IPL is investing nearly \$1.8 billion to add five new wind farms, adding 1,000 megawatts of renewable energy to the company's fuel mix. With this investment, the company expects 40% of its fuel mix in Iowa to come from wind and renewable energy by 2024. With technology advancements, wind energy is increasingly cost competitive with other sources of energy and is a key aspect of our clean energy vision. Wind reduces fuel costs, lowers emissions, and benefits local communities. It also helps ensure we continue to keep our rates competitive with energy companies across the Midwest and nationally. Over its 40-year life, IPL reasonably expects that the New Wind Projects will provide a net benefit, rather than a net cost, to its electric customers.

**Question No. 11:**

Is IPL building new base load generation or just the wind farms?

**IPL Response:**

IPL is not proposing new base load generation at this time beyond the 1,000 MW represented by the New Wind Projects. In 2017, IPL's customers started to benefit from the company's new Marshalltown Generating Station. This 690 MW combined-cycle natural gas generating station is a highly efficient unit. IPL regularly reviews what generating resources it will need to meet the needs of electric customers. With the expansion of wind energy, IPL is further diversifying its fuel mix for customers with the most economic resource currently available.

**Question No. 12:**

What are the cut-in and cut-out wind speeds for the new turbines? What is the parasitic load of a turbine?

**IPL Response:**

Cut-in speed: 3.0 meters per second (m/s) for 2.5-127 model turbines and 3.5 m/s for 2.3-116 model turbines.

Cut-out speed: reduced load above 22 m/s to 1,200 kW and then cut-out at 30 m/s (based on 10 min average), with higher cut-outs at shorter lengths of time.

Parasitic load: ~2.5 kW

**Question No. 13:**

What is IPL's cost per kilowatt for its wind turbines?

**IPL Response:**

Several of the wind generating facilities included in the New Wind I and II Projects are still under construction, and the final costs of the New Wind Projects have not yet been determined. However, the Board has approved cost caps for the New Wind Projects: the New Wind I cost cap is \$1,830 per kilowatt (kW) and the New Wind II cost cap is

\$1,780 per kW. The difference in the caps reflects the changing market conditions between the Board's approval of the cost cap for New Wind I and its approval of the cost cap for New Wind II. IPL is currently projecting that the total cost of the New Wind I Project will be \$1,767 per kW, below the cost cap of \$1,830 per kW and that the total cost of New Wind II will be \$1,716 per kW, below the cost cap of \$1,780 per kW. The final costs of the New Wind Projects will be determined after construction on all wind generating facilities is complete.

**Question No. 14:**

Does the rate increase IPL is seeking already include the return on equity, or is the return on equity added on top of what IPL is seeking?

**IPL Response:**

The rate increase requested by IPL in these proceedings includes return on equity.

**Question No. 15:**

Is IPL required to provide the same level and quality of service to every customer in its territory?

**IPL Response:**

As provided in Iowa Code section 476.8(1), every public utility, including IPL, is required to furnish reasonably adequate service and facilities.

IPL continues to take action to provide quality service and facilities to its customers. IPL recognizes that customer expectations are changing, including the need for continued high levels of distribution system reliability needed to run an increasing number of electronic devices at home and work. IPL is maintaining and modernizing the electric grid to respond to these changing customer expectations. IPL's current and planned investments in its base distribution system will benefit customers by continuing to ensure a safe, reliable, and flexible supply of affordable energy. IPL is

also investing in new technologies to provide a foundation for a modern energy grid where IPL can respond more quickly to outages, accommodate the growing demand for electric vehicles, take advantage of advances like utility-scale battery storage and customer-owned distributed generation, and leverage the benefits and data of AMI. Combined with basic investment in IPL's distribution system, these grid modernization projects will allow IPL to offer our customers more energy options and will result in efficiencies that can, over time, help control customer costs.

**Question No. 16:**

Will IPL propose a standby rate that provides for non-firm backup service?

**IPL Response:**

IPL's current standby tariff provides a rate for non-firm backup service. Customers who desire non-firm backup service do not designate a reservation demand for generation under IPL's Rider SPS (Standby Power Service). As a result, a standby rate for non-firm backup service is already available through the tariff.

**Question No. 17:**

Will IPL allow an exemption from the energy efficiency rider for customers with load factors in excess of 85 percent?

**IPL Response:**

No. Iowa law does not provide for an exemption from energy efficiency contribution based on a customer's load factor. Iowa law allows a customer to request exemption from participation in any five-year energy efficiency plan, if at the time of approval by the Board, the plan has a cumulative ratepayer impact test result of less than one. See Iowa Code § 476.6(15)(b). IPL's current energy efficiency plan, as approved by the Board on March 26, 2019, has a cumulative ratepayer impact test of greater than one.

Accordingly, the customer exemption provision in Iowa Code section 476.6(15)(b) was not triggered.

**Question No. 18:**

How do you amortize your capital investments?

**IPL Response:**

IPL depreciates its capital investments over the useful life of the asset using group depreciation rates determined by an independent third-party consultant and approved by the Board. These rates are disclosed in rate review dockets and are periodically updated to reflect changes in the useful life of the investment.

**Question No. 19:**

When did IPL know it would be requesting these rate increases? Was it before or after the Decorah municipalization vote?

**IPL Response:**

The final decision by IPL to file the current electric rate review was made after the May 2018 Decorah vote. IPL typically makes decisions on when to file a rate review proceeding later in a calendar year, when necessary financial calculations are performed.

**Question No. 20:**

How do Wisconsin Power and Light's rate compare with IPL's rates in Iowa?

**IPL Response:**

IPL's rates are competitive with the vast majority of utilities in the upper Midwest and across the United States. Wisconsin Power and Light's overall rates are slightly lower than IPL's rates, however, IPL is investing in resources to control customer costs and meet the changing energy needs of our customers.

**Question No. 21:**

Why is there so much disparity between IPL's rate and MidAmerican's rates?

**IPL Response:**

As noted in response to Question No. 20, IPL's rates are competitive with the vast majority of utilities in the upper Midwest and across the United States. While MidAmerican is one of the lowest cost providers in the country, IPL is investing in resources to control customer costs and meet the changing energy needs of our customers.

**Question No. 22:**

Has IPL sent out information regarding possible health effects of AMI meters?

**IPL Response:**

Alliant Energy's website contains information about IPL's installation of AMI meters, including that an in-depth review of numerous scientific studies by the World Health Organization has confirmed that the small amount of radio frequency energy is not harmful to human health. Customers also received a postcard approximately 30 days prior to their scheduled AMI meter installation date, and another postcard approximately 15 days prior to their scheduled AMI meter installation date. In all mailings IPL's telephone number was provided for customers to call who had questions and wanted to receive additional information on AMI meters including regarding the safety of the meters. IPL mailed additional information to customers upon request that included citations to scientific studies that found AMI or smart meters are not harmful to human health.

**Question No. 23:**

Do AMI meters give off radiation?

**IPL Response:**

Radio frequency electromagnetic radiation is commonly used in many consumer devices, such as cell phones, baby monitors, satellites, antenna TV's and more. Like these devices, AMI meters also emit electromagnetic radiation when they transmit.

Unlike the devices above, IPL's AMI meters emit electromagnetic radiation very infrequently. When IPL's AMI system is fully provisioned and tuned, it is expected that meters will transmit hourly interval or usage data about seven times per day for a meter that is on a standard residential account. In addition, there are alerts, as well as alarms that transmit as needed. Power failure, power restoration, meter tampering, or a hot socket are the most common instances in which an alert or alarm is transmitted. Each transmission is approximately 0.15 seconds in duration.

The following data from Sensus provides a comparison of energy generated by a cell phone as well as a cordless phone.

Device	Milliwatts Transmission	Minutes Used per Day	Days in Month	Total Milliwatts Exposure Minutes
Cell Phone	250	30	30	225,000
Cordless Phone	1-100	30	30	900-9,000
Sensus Meter	2,000	0.00567	30	340.2

The output of a Sensus AMI meter is about 660 times lower than the output of a cell phone. The Sensus AMI meter is typically mounted away from human contact in a place such as an outside wall of a residence. The field strength of a Sensus AMI meter will be reduced by a factor of 1,000 or more at a distance of only ten feet away. Factors such as walls will reduce these levels even more.



**Question No. 24:**

Have there been misreads or miscalculations from AMI meters? Have the AMI meters passed any testing?

**IPL Response:**

Of the approximately 673,773 AMI meters installed to date for IPL's gas and electric customers, IPL has not identified any misreads or miscalculations from those meters.

Before IPL receives the AMI meters from its vendor, those meters must pass factory testing for accuracy within billing tolerances (+2%/-2% accuracy). The vendor sends IPL a factory test report with each AMI meter. When IPL receives a shipment of meters, IPL also runs acceptance tests on each test group of meters, as required by IPL's Electric Meter and Test Services (EMTS) Control Procedure 106. The acceptance testing, which uses national testing standards, helps to ensure factory tests are accurate and meters have not been damaged in shipping. Meters are quarantined during and until acceptance testing is complete. Test groups that pass testing are released by IPL for installation. For a test group that fails, IPL sends those meters back to its vendor. To date, no AMI meter test groups have failed meter testing. AMI meter standards and testing procedures are exactly the same as non-AMI meter standards and testing procedures.

In addition, after AMI meter installation is complete and before IPL issues any bills based on the AMI meter readings, IPL undertakes a provisioning process for each meter that consists of two billing cycles (each lasting 21 days). During those two billing cycles, IPL continues to read meters as well as remotely using the AMI technology. IPL compares the manual and remote meter readings; if the readings match, the meter is considered provisioned and ready to be read remotely and used for billing purposes. As

of July 31, 2019, 92.3% of all AMI meters (673,773) for IPL's gas and electric customers have been installed and provisioned. Thus far, IPL has not identified any misreads or miscalculations based on the provisioning process described above.

**Question No. 25:**

Why doesn't IPL use its grid as a network to collect usage data like the Tennessee Valley Authority and associated utilities do?

**IPL Response:**

To support a modern grid, IPL is investing in a combination of communication systems including fiber optic and wireless information technology solutions to reduce long-term costs, enhance security, and improve service and reliability. These communication systems are necessary not only to collect usage data from customers, but also to support the increasing number of distributed generation interconnections to the grid and improve reliability by enhancing communications between grid assets, including line sensors and IPL's advanced distribution management system.

IPL has reviewed publicly available information regarding the Tennessee Valley Authority (TVA), which indicates that TVA has been using optical fiber in its transmission system since the late 1980s and is currently expanding its fiber network. According to information on TVA's website, the TVA Board of Directors approved a \$300 million strategic fiber initiative on May 11, 2017 to "expand TVA's fiber capacity and improve the reliability and resiliency of the transmission system. The network expansion will help meet the power system's growing need for bandwidth as well as accommodate the integration of new, distributed energy resources." Further information about the TVA strategic fiber initiative is available at:

<https://www.tva.gov/Newsroom/Press-Releases/TVA-Board-Approves-300-Million-Strategic-Fiber-Initiative>.

IPL's investments in modern communications systems to support the functionality and reliability of the grid are consistent with the approach by TVA and utilities across the nation.

**Question No. 26:**

How will IPL decommission solar panels and any related chemicals or toxins when the panels reach the end of their useful lives?

**IPL Response:**

There are very few solar sites reaching a point of decommissioning. IPL's solar projects are new; IPL has not yet decommissioned any solar arrays or associated modules (panels). However, when IPL ultimately decommissions its solar projects, it will use industry best practices to ensure the proper and safe decommissioning of solar facilities at the end of their useful economic lives.

**Question No. 27:**

How much will the Cardinal-Hickory Creek transmission line cost IPL customers?

**IPL Response:**

Transmission costs are not a component of IPL's request for a change in electric base rates in this proceeding. However, transmission costs charged to IPL by transmission providers are subject to the Regional Transmission Service (RTS) rider. Based on current cost estimates, the Cardinal-Hickory Creek transmission line is estimated to cost IPL customers approximately \$2 million on an annual basis, if construction is approved and completed. These costs would not be subject to the RTS rider until the project is in-service, which is expected to be after 2020.

**Question No. 28:**

Has IPL looked into damage done near the Linn Grove Dam, and will it be making any efforts to repair any damage done to the road near the dam?

**IPL Response:**

The levee at Linn Grove has had a history of being breached due to flood waters. IPL's natural gas main has been exposed from flood waters on various occasions over several years. The Little Sioux River flooded twice in 2018, the second of which occurred in September 2018. After this flood event, IPL decided to undertake a project to re-drill this main deeper under the river so we could avoid future exposure of IPL's 2" gas main in that location. The Buena Vista County Conservation and Parks Department has repaired or, to some degree, reconstructed the levee in past years. IPL has maintained contact with the Buena Vista County Conservation and Parks Department, which maintains the road near the dam.

**Question No. 29:**

Could IPL use its profits to pay for upgrades rather than asking customers to pay higher rates?

**IPL Response:**

As a rate-regulated public utility in Iowa, IPL's rates are established by the Iowa Utilities Board and are based on IPL's cost of providing safe and reliable service to customers. IPL's rates include prudently incurred costs to serve customers, as well as a reasonable rate of return for investors on their capital investments. Alliant Energy, the parent company to IPL, gives back to its customers and the communities it serves in many ways, as discussed in response to Question 30, below.

**Question No. 30:**

What is IPL doing to give back to the community and citizens, especially those in need?

**IPL Response:**

Every year, Alliant Energy and its employees donate millions of dollars that directly benefit customers, communities and organizations. Employees also donate thousands of hours of volunteer time in their communities. For instance, at the Marshalltown Customer Comment Meeting, IPL discussed some of the ways we assisted the community after the tornado, including working to quickly rebuild the electric system, providing pro bono legal assistance to help those who had been displaced deal with landlord/tenant and insurance issues, as well as donations by the Alliant Energy Foundation of \$15,000 to Mid-Iowa Community Action, and a \$10,000 donation to the local Red Cross in those days right after that storm.

Overall, in 2018, Alliant Energy, its employees, and the Alliant Energy Foundation gave nearly \$4 million in Iowa to nonprofit or charitable organizations that support IPL's customers. These include organizations that focus on public safety, education, helping families, environment, food and more. In the past 20 years, Alliant Energy has given these and other organizations more than \$50 million through the Alliant Energy Foundation.

**Question No. 31:**

Since inflation is around 2 percent and customer usage is generally flat, how is IPL justifying this rate increase?

**IPL Response:**

IPL's electric and gas rate review applications reflect the investments IPL makes and the costs it incurs to provide safe and reliable electric and gas service our customers. While inflation affects the cost of many of the products and services IPL purchases, neither rate review application is based on the inflation rate. Rather, each application is

based on the costs of providing safe and reliable service to customers. IPL's investments in renewables, the energy grid, and natural gas infrastructure, as well as the expanded customer options our customers and communities expect will benefit our customers in the near term and for many years to come.

**Question No. 32:**

Why aren't replacements of aging infrastructure and maintenance already in IPL's rate and current budgets? Why do those require rate increases?

**IPL Response:**

IPL's current rates include the cost of depreciating its past investments based on the original cost of that investment. Depreciation rates spread the costs of those investments through rates over the useful lives of those investments.

Several of the costs at issue in the electric and gas rate review proceedings involve replacement of aging infrastructure and facilities that have been in service for years or decades and that are approaching the end of their useful lives, or that will no longer effectively meet the current and future needs of IPL's customers. The costs of those replacements are generally higher than the original costs of the facilities, incurred years ago, and the remaining value of those facilities. Accordingly, those costs are included within these rate review proceedings.

**Question No. 33:**

Why are there multiple rates on a single bill?

**IPL Response:**

Each line item on a bill reflects a different portion of the overall cost to provide service to a customer. IPL's rates, including each line item on a customer's bill, are filed in a tariff

subject to review and approval by the Board. A detailed breakdown of the bill is available online:

<https://www.alliantenergy.com/CustomerService/MyAccount/UnderstandingYourBill>.

Customers with questions can also call our service team at 1-800-ALLIANT (1-800-255-4268).

**Question No. 34:**

Is IPL allowed to use its unregulated affiliates to provide services to its regulated utilities? How are consumers protected in such situations?

**IPL Response:**

Yes. Iowa Code sections 476.71-476.75 govern transactions between a public utility, such as IPL, and its affiliates. The legislative intent in enacting these requirements was to ensure that a public utility does not “directly or indirectly include in regulated rates or charges any costs or expenses of an affiliate engaged in any business other than that of utility business unless the affiliate provides goods or services to the public utility. The costs that are included should be reasonably necessary and appropriate for utility business.” Iowa Code § 476.71. These provisions require IPL to file information about its affiliate transactions with the Board. These provisions also authorize the Board to conduct audits of such transactions and to require IPL to establish the reasonableness of the payment or compensation to an affiliate.

**Question No. 35:**

If the rate increase isn't approved in full, what upgrades or services is IPL going to cut?

**IPL Response:**

IPL is committed to providing safe, reliable and affordable service to the communities it serves. IPL has not determined the impact on the programs or services provided to

customers that would result from approval of a revenue requirement lower than that requested by IPL in the respective electric and gas rate review proceedings.

**Question No. 36:**

Could IPL have used fiber optic cable already in place from other companies instead of laying its own fiber?

**IPL Response:**

IPL has carefully evaluated various options for meeting the increasing communication needs on its grid and determined that the communications system serving IPL's customers was insufficient to support a modern grid. Alliant Energy's strategic analysis recommended a combination of fiber optic and wireless information technology solutions to reduce long-term costs, enhance security, and improve service and reliability. IPL considered continued use of leased communications lines, but found that doing so would result in IPL continuing to be exposed to decisions by the third-party owners of that communications network and infrastructure, who may not always be responsive to IPL's timelines for emergency response or IPL's need for sufficient bandwidth to accommodate the needs of IPL's customers.

**Question No. 37:**

What had IPL done to improve the grid?

**IPL Response:**

IPL has improved and is proposing to further improve the grid in several respects. At a high level, IPL's current and planned investments in its distribution system will benefit IPL's customers by ensuring a safe, reliable, and flexible supply of affordable energy. These investments fall into two categories:



- 1) base distribution system investments like life extension of current distribution lines and other equipment, projects to improve reliability, and voltage upgrade investments that serve as the backbone of the grid; and
- 2) grid modernization projects that will further improve reliability and give IPL's customers more energy choices and more control over their energy usage, including the deployment of smart grid assets that reduce outages, an advance distribution management system (ADMS) to support operation of those smart grid assets and to enable and integrate more distributed energy resources (DER) (like rooftop solar and battery storage) on the grid, and a high bandwidth fiber network that will speed communications between IPL's grid assets and the ADMS.

These improvement efforts will maintain or further improve its system reliability and have positive impacts for IPL's customers. In addition, with respect to grid modernization investments, IPL's investments in new technology will provide a foundation for a modern energy grid where IPL can respond more quickly to outages, accommodate the growing demand for electric vehicles, take advantage of advances in DER technology like utility-scale battery storage and customer-owned distributed generation, and leverage the benefits and data of IPL's deployment of AMI. Combined with basic investment in IPL's distribution system, these grid modernization projects will allow IPL to offer our customers more energy options and will result in efficiencies that can, over time, help control customer costs.

**Question No. 38:**

Is the rate increase a one-year increase or an ongoing every year increase?

**IPL Response:**

After a thorough review of IPL's request, the Board will establish final electric and natural gas base rates. In addition to setting base rates, the Board will also determine when the final base rates will become effective. After final rates are established, the base rates cannot be increased without Board approval. While the bases rates will not further change from year to year, customer bills will be adjusted through riders approved by the Board for energy costs, energy efficiency costs, transmission costs, and, as proposed by IPL, the RER.

**Question No. 39:**

Has IPL studied any secondary effects of the rate increase, such as lost jobs, foreclosures, or similar impacts on affected customers? If so, what did the analysis show?

**IPL Response:**

IPL did not perform the types of studies mentioned in the question, but IPL is committed to providing the reliable, affordable and increasingly clean energy our customers and communities expect. IPL carefully and strategically balances the changing preferences of our customers with the resources we have today and those our customers will expect in the future.

**Question No. 40:**

In the Decorah customer comment meeting, several people referred to a study performed by Concentric Energy Advisors on IPL's behalf that represented IPL's rates were projected to increase at a rate of 1% per year for the next six years. Please provide a copy of Concentric's study and any updates. How do you respond to your customers' comments regarding the Concentric study?

**IPL Response:**

IPL provides safe, reliable and affordable electric and natural gas service to more than 700 communities throughout the State of Iowa. In 2018, the citizens of the City of

Decorah (Decorah) considered a referendum to form a municipal electric utility pursuant to Iowa Code § 476.23. A majority of the citizens of Decorah ultimately voted against the referendum, which did not pass. To assist IPL customers in evaluating the cost of a municipal utility compared to the service IPL already provides, IPL contracted with Concentric Energy Advisors to perform an independent, third-party preliminary feasibility study. The Concentric preliminary feasibility study found that it would cost Decorah approximately \$50 million to provide the same level of service IPL currently provides. Concentric's study further found that a Decorah municipal utility would cost Decorah's citizens approximately 30 percent more than continuing to receive service from IPL, to afford to acquire the system and provide the same level of service that IPL provided at that time.

As an independent third party, Concentric made reasoned projections about both IPL's rates and rates that would be offered by a Decorah municipal utility based largely on publicly available data, which the Concentric study noted was informed by Concentric's "analysis of Midwestern rate case frequency and magnitude." The information and assumptions in Concentric's study were based on this information and, as an independent third party, the Concentric study specifically notes that "[n]othing in this Preliminary Feasibility Study is intended, nor shall be construed, to be information, admissions, statements, assumptions, opinions, positions, or conclusions made or provided by or on behalf of Alliant."

In 2019, IPL contracted with Concentric to update its feasibility study to include the rate increase request filed with the Iowa Utilities Board in March 2019, as well as the benefits from the development of IPL's wind projects. The updated analysis by

Concentric does not change the ultimate conclusion – it is more economical for Decorah to continue to receive service from IPL.

Concentric's updated base case study analysis predicts that residents of Decorah will pay 11.9 percent more over 20 years on a net present value basis to receive the same services and levels of renewable energy IPL would provide Decorah citizens. This 11.9 percent additional cost would be on top of IPL's current rate proposed and assumes it will be approved as proposed.

A copy of Concentric's preliminary feasibility study and the public version of the 2019 update are included as Attachments A and B.

**WHEREFORE**, IPL respectfully requests that the Board accept these responses to the Order Regarding Customer Comment Meeting Questions.

Dated this 2nd day of August, 2019.

Respectfully submitted,

**INTERSTATE POWER AND LIGHT COMPANY**

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