

**STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES DIVISION
BEFORE THE IOWA UTILITIES BOARD**

**FILED WITH
Executive Secretary
February 25, 2014
IOWA UTILITIES BOARD**

IN RE:

DOCKET NO. RN-2014-0001

**INTERSTATE POWER AND LIGHT
COMPANY**

**OBJECTION TO
APPLICATION FOR APPROVAL OF NON-STANDARD NOTICES**

The Large Energy Group (LEG), for its objection to the application for approval of non-standard notices filed by Interstate Power and Light Company (IPL) on February 14, 2014, states:

1. On February 14, 2014, IPL filed an application for approval of non-standard rate notices pursuant to 199 IAC 26.5(1) “d”(1). In its application, IPL stated its intention to file an application for increased rates, pursuant to Iowa Code § 476.6, on or about March 28, 2014. IPL stated that it will not be requesting temporary (interim) rates under Iowa Code § 476.6(10) and thus did not include any temporary rate information in the proposed notices. The proposed notices include specific information about IPL’s intention to request in the application for increased rates that IPL be allowed to continue its so-called “transmission cost rider,” which is an automatic adjustment mechanism that the Iowa Utilities Board approved on a pilot basis in 2011. As explained in more detail below, however, the proposed notices totally ignore the massive rate increase impact of the double-collection of up to approximately \$12 million per month of Duane Arnold Energy Center (DAEC) capacity purchase costs.

2. Effective on February 22, 2014, the costs IPL will be recovering through its Energy Adjustment Clause (EAC) automatic adjustment mechanism will be significantly increased without a corresponding reduction to reflect the removal of those same DAEC capacity purchase costs from base rates. This massive increase will range from a minimum of \$58 million to a maximum of approximately \$144 million annually (approximately \$12 million monthly). The maximum amount is based on the Board's final order issued on January 31, 2013, in Docket Nos. SPU-2005-0015 and TF-2012-0577. *In re Interstate Power and Light Company*, Docket Nos. SPU-2005-0015, TF-2012-0577, Order, at 31-32 (IUB Jan. 31, 2013), as reflected in the footnotes in IPL's current Rider EAC attached hereto as Objection Exhibit 1. The minimum amount has been calculated by the LEG on the basis of the evidentiary record created in Docket Nos. SPU-2005-0015 and TF-2012-0577; specifically, on the direct testimony of IPL witness Michael Gresens at pages 16-18 and his Exhibit MLG-1, Schedule B.

3. For the following reasons, IPL should be required to provide prior written notice to affected customers of the massive increase in costs in the amount of \$144 million per year that, effective on February 22, 2014, are being recovered through the EAC beginning on February 22, 2014, without a corresponding reduction to reflect the removal of those same costs from base rates:

a. Despite its denial that it will be proposing to implement temporary rates during the pendency of its impending general rate case, IPL is actually proposing temporary rates in the form of double-recovery of those substantial DAEC capacity component costs. These temporary rates are being collected subject to refund. *In re Interstate Power and Light Company*, Docket No. RPU-

2014-0001, Order Approving Corporate Undertaking and Denying Request for Notice, at 3-4 (IUB Feb. 19, 2014); *see also* ¶ 26 of the pleading IPL filed in the same docket on February 7, 2014, in which it stated that its “corporate undertaking, with a rate case refund obligation effective February 22, 2014 (coincident with the New DAEC PPA and EAC tariff changes) was specifically designed to address the double-recovery issue raised by the other parties.” In addition, affected customers should be provided with prior written notice of the rate increase represented by those temporary rates. Iowa Code § 476.6(2); *see In re Interstate Power and Light Company*, Docket No. RPU-05-3, Order on Rehearing, at 4-5 (IUB June 7, 2006). As the Board recently stated: “In the event IPL brings a rate case in the first quarter of 2014, the appropriate customer notice [of the increase in EAC charges] will be required at that time.” *In re Interstate Power and Light Company*, Docket No. RPU-2014-0001, Order Approving Corporate Undertaking and Denying Request for Notice, at 3 (IUB Feb. 19, 2014).

b. It is the LEG’s position that the recovery of DAEC costs through the EAC coupled with the continued recovery of those same costs of up to \$144 million per year in base rates during the pendency of IPL’s imminent rate case constitutes a temporary rate increase of massive proportions. Accordingly, pursuant to Iowa Code § 476.6(2), IPL must provide prior written notice to affected customers of that increase.

c. Customer notice was not provided for any Board proceeding, including the proceeding (Docket Nos. SPU-2005-0015, TF-2012-0577) in which

the Board purportedly already determined that the new DAEC costs are appropriately recovered through the EAC. Consequently, affected customers – which includes LEG members but in no way is limited just to LEG members – have never received written notice of the massive increase in costs to be recovered through the EAC beginning on February 22, 2014, without the benefit of any offsetting reduction to IPL’s base rates during the pendency of IPL’s imminent rate case.

4. The revised customer notices should reflect a rate increase in the amount of approximately \$12 million per month because this amount is specified in both the Board’s final order issued on January 31, 2013, in Docket Nos. SPU-2005-0015 and TF-2012-0577 IPL’s current Rider EAC.

WHEREFORE, the LEG respectfully requests that the Board deny IPL’s application for approval of non-standard rate notices filed on February 14, 2014, and order IPL to file, for Board approval, revised non-standard rate notices that provide appropriate notice to affected customers that, during the pendency of the rate case and subject to refund at the conclusion of that case, IPL will continue to recover in base rates significant costs in the amount of approximately \$12 million per month that, effective February 22, 2014, are also being recovered through the EAC.

Dated February 25, 2014.

Respectfully submitted,

/s/ Philip E. Stoffregen

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