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**IOWA UTILITIES BOARD**  
**Energy Section**

Docket No.: EAC-2013-0024  
Utility: Interstate Power and Light  
Company  
File Date/Due Date: November 17, 2014 / N/A  
Memo Date: December 9, 2014

**TO:** The Board

**FROM:** Ellen Shaw

**SUBJECT:** IPL Regional Transmission Rider – Forty-Fourth Transmission Information Report

**I. Background/Analysis**

On November 17, 2014, Interstate Power and Light Company (IPL) filed its forty-fourth monthly Transmission Information Report (report). The Board's January 10, 2011, Final Decision and Order, under Docket No. RPU-2010-0001, required IPL to file monthly information if it implemented automatic recovery of transmission costs through a Regional Transmission Service Rider (Rider). The Rider was designed to recover transmission costs billed by the Midcontinent Independent System Operator, Inc. (MISO) and other transmission-related costs. The Board order required that the transmission cost information details be similar to the information that IPL currently files for the energy cost adjustment clause (EAC) approvals.

IPL's Rider became effective with customer billings on February 25, 2011. The first report covered the first full month that the Rider was in effect, March 2011, plus the three days in February 2011, when the final rates went into effect. Succeeding monthly reports have covered the intervening months. The forty-fourth report covers the month of October 2014.

The bulk of the transmission charges in the report are from MISO<sup>1</sup> although a small amount of charges are from Non-MISO sources such as Central Iowa Power Cooperative. The MISO charges are broken down by MISO rate schedules. The Non-MISO charges are supported by invoices from the transmission provider.

The revenues are broken down by rate code for each class of customers. Each customer class has a cost recovery factor that is applicable for it.

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<sup>1</sup> ITC Midwest charges are based on FERC-approved MISO Tariff Schedules.

The report for the month of November 2013 reflected the start of a new reconciliation period for transmission expenses and Rider revenues. IPL filed its annual reconciliation for the Rider on November 15, 2013, in Docket Nos. EAC-2012-0023 and TF-2013-0472. The reconciliation filing was approved by Board order on January 23, 2014. The new cost recovery factors for 2014 were included in the reconciliation filing and went into effect on February 1, 2014.

Starting with the transmission rider reports for the month of February 2012, the monthly transmission reports have included a charge termed "Schedule 26-A" related to Multi-Value Project (MVP) Cost Recovery associated with the MISO Transmission Expansion Plan (MTEP). This charge is a volumetric charge associated for each specific approved project.

IPL has included a MISO Supporting Detail worksheet showing the MVP approved project name and the calculation of the MVP charge with each monthly filing since February 2012. In the report for the month of October 2014, the MVP charge to IPL for the projects listed is \$448,630.

Staff notes that Multi-Value Projects are transmission projects approved by the MISO Board as part of the MTEP process. The cost allocation methodology for MVPs has been approved by FERC. Staff also notes that MISO Schedule 26, Network Upgrade Charge from Transmission Expansion Plan, is one of the types of transmission costs that the Board approved to flow through the transmission rider in Docket No. RPU-2010-0001.

Effective January 2014, MISO's billing for IPL includes Schedule 33 – Black Start Services. There are both revenues and expenses associated with Schedule 33. IPL listed \$25,647 as Black Start charges and \$32,839 as Black Start revenue for October 2014.

During wide-spread grid outages, black start capability enables a generator to be restored to operation without relying on the external electric power transmission network. Generally black start capability is provided by small on-site diesel generators. It is uneconomical to provide such standby capability at each station, so black-start power is often provided over designated tie lines from another generating station.

The forty-fourth monthly transmission report shows net transmission expenses for Iowa for the month of October 2014 of \$21,057,654. Iowa retail revenues for the same time period were \$22,266,878 resulting in an over-collection of \$1,209,224 for the month. When combined with the accumulated over-collection balance of \$5,430,278 from September 2014, the total over-collection is \$6,639,502 for the new reconciliation period. Staff notes that the total over-collection is about two percent of the estimated yearly net transmission expenses. Also, any over-collection is refunded in the annual reconciliation involving the calculation of cost recovery factors for the upcoming year.

Staff believes that the information in IPL's report that was filed on November 17, 2014, is similar to the information in its monthly EAC filing (as required by the Board's order in Docket No. RPU-2010-0001), in that it includes monthly revenues, expenses, and the amount of the over- or under-recovery. Since each monthly report lists the year-to-date over/under recovery, the Board is kept informed of the Rider balance. Staff believes that IPL has met the provisions as specified in the Board's order of January 10, 2011, and recommends that the Board accept the report.

## **II. Recommendation**

Accept IPL's Transmission Information Report for October 2014 in Docket No. EAC-2013-0024, by letter signed by the Energy Section Manager, subject to complaint or investigation.

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