

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. EPB-2014-0150
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**ORDER ADDRESSING COMPLETENESS  
OF EMISSIONS FILING AND APPROVING SETTLEMENT**

(Issued March 23, 2015)

On April 1, 2014, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) an updated multiyear plan and budget for managing regulated emissions from its electric power generating facilities located in Iowa that are fueled by coal (2014 Plan Update). IPL's filing detailed its projected share of capital costs and operations and maintenance expenditures for 2015 through 2019 for both new and ongoing emission control projects at IPL's coal-fired facilities, some of which are jointly owned. However, IPL only seeks approval in this proceeding for IPL's share of costs that are scheduled to be incurred in 2015 and 2016. Pursuant to Iowa Code § 476.6(20) (2014 Supp.), updates to a utility's emissions plan and budget are to be filed at least every 24 months.

The Environmental Law and Policy Center and the Iowa Environmental Council (jointly, Environmental Intervenors) were granted intervenor status by order issued on April 10, 2014. On September 17, 2014, IPL filed budget information that was inadvertently omitted from its original filing.

The Board issued an order on December 3, 2014, requiring IPL to file additional information. IPL filed the required information on December 19, 2014, and supplemented the information on February 6, 25, and 26, 2015.

On January 16, 2015, IPL, the Environmental Intervenors, and the Office of Consumer Advocate (OCA) filed a proposed settlement agreement. The proposed settlement stipulates that the 2014 Plan Update, as amended, complies with Iowa Code § 476.6(20) and should be approved. Included in the settlement is IPL's commitment to file periodic reports with the Board every 12 months, either as a separate report or as part of IPL's 2016 EPB Plan Update. These reports are to summarize IPL's efforts to implement the 2014 Plan Update.

The proposed settlement also provides that the three parties will meet twice each year to exchange information on potential changes in state and federal environmental regulations and emissions control projects that may be considered for future emissions plans. IPL commits to use reasonable efforts to inform the parties of regulatory changes that occur between meetings that could have a material impact on IPL's emissions strategy.

The proposed settlement also specifies that IPL will not sell SO<sub>2</sub> allowances in the near term for the purpose of accelerating recovery of the costs from customers and that SO<sub>2</sub> emission allowance costs resulting from the normal course of

operations will flow through IPL's energy adjustment clause. The proposed settlement provides IPL may elect to ask for recovery of any remaining unrecovered balance in its anticipated 2017 rate case and that IPL will undertake appropriate cost mitigation actions to minimize its allowance obligations. Finally, the parties agree that routine operations and maintenance expenses unrelated to emissions control will not be eligible for inclusion in any IPL emissions plan or budget.

The Iowa Department of Natural Resources (IDNR) has an important role in the plan review process. Iowa Code § 476.6(20)"a"(4) provides, in part, that the IDNR "shall state whether the plan or update meets applicable state environmental requirements for regulated emissions." If the answer is no, IDNR shall recommend amendments that outline actions to bring the plan into compliance. The Board cannot approve a plan that does not meet applicable standards. Iowa Code § 476.6(20)"b."

While not a party to the settlement, the IDNR filed testimony on August 19, 2014, commenting on IPL's initial filing. IDNR's testimony stated that it had reviewed IPL's April 1, 2014, filing and determined that the filing meets applicable state environmental requirements for regulated emissions. IDNR supplied information regarding court decisions that had occurred since the submission of IPL's April 1, 2014, filing, but found that these decisions do not impact IPL's Plan Update. The IDNR had no additional comments and did not object to the proposed settlement.

No party requested a hearing on the proposed settlement. Because the IDNR has answered the question posed by the statute in the affirmative, the Board may decide whether to approve the 2014 Plan Update and settlement.

Iowa Code § 476.6(20)"d" requires the Board to issue an order approving or rejecting the 2014 Plan Update within 180 days after the filing has been deemed complete. The Board finds the filing is complete, as supplemented on September 17, 2014, and on December 19, 2014, and as supplemented on February 6, 2015, with information requested by the Board. The Board did not make this finding earlier because of the settlement between IPL, OCA, and the Environmental Intervenors and also because of IDNR's review process.

In reviewing a proposed settlement, the Board examines all settlements by the criteria found in 199 IAC 7.18. This rule provides that "[t]he board will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest."

IPL's 2014 Plan Update includes IPL's assessment of current and future emissions requirements and the potential impacts of those requirements on IPL's coal-fired plants (in other words, IPL's plan for meeting these emissions requirements). The IDNR states in its testimony, based on its information at the time the 2014 Plan Update was filed, that IPL's 2014 Plan Update meets applicable state environmental requirements for regulated emissions.

IPL's 2014 Plan Update adequately addresses costs, economic development, and reliability as provided in Iowa Code § 476.6(20)"c." The primary drivers in the 2014 Plan Update are current and projected Environmental Protection Agency environmental standards and continuing efforts to meet particulate matter and mercury standards. IPL is also monitoring what might be necessary to comply with the Environmental Protection Agency's rules promulgated pursuant to section 111(d), 42 U.S.C. § 7411, regulating greenhouse gases from existing power plants. While the 2014 Plan Update is specifically for the 2015-2016 time frame, IPL has included a summary of controls it believes will be installed through 2019; those projections could change based on future regulatory requirements or changes in the allowance markets.

IPL's 2014 Plan Update reasonably balances costs, environmental requirements, economic development potential, and reliability of the generation and transmission system. The majority of air emissions projects in the 2014 Plan Update were completed in early 2015 and were approved in prior emissions plans. While the settlement may not decide each individual issue the way the Board would in a decision following a contested hearing, the Board, viewing the settlement agreement as a whole, finds it to be reasonable in light of the whole record, in the public interest, and not contrary to any law. The Board will therefore approve the settlement.

**IT IS THEREFORE ORDERED:**

1. Interstate Power and Light Company's updated multiyear plan and budget for managing regulated emissions from its electric power generating facilities located in Iowa that are fueled by coal filed on April 1, 2014, and as supplemented on September 17, 2014, and on December 19, 2014, and as supplemented on February 6, 25, and 26, 2015, with information requested by the Board, is deemed complete pursuant to Iowa Code § 476.6(20)"d."

2. The settlement filed by Interstate Power and Light Company, the Office of Consumer Advocate, and the Environmental Law and Policy Center and the Iowa Environmental Council, on January 16, 2015, is approved.

**UTILITIES BOARD**

/s/ Elizabeth S. Jacobs

/s/ Nick Wagner

ATTEST:

/s/ Joan Conrad  
Executive Secretary

/s/ Sheila K. Tipton

Dated at Des Moines, Iowa, this 23<sup>rd</sup> day of March 2015.