

Alliant Energy Asks for Another Rate Increase

On Wednesday, March 10th, Alliant Energy applied to the Iowa Utilities Board (IUB) to allow its Interstate Power and Light subsidiary to increase electric rates by 13.8%, or \$163 million per year.

How will the new revenue be used?

Alliant says that 20% of the new revenue will allow it to recover the costs of building the \$468 million Whispering Willow Wind Farm in Franklin County in North Central Iowa.

Normally, a utility cannot charge customers for a new generating facility until it begins operation. The 200-megawatt wind farm, which can supply the electricity needs of 150,000 homes, came online in December.

About 20% of the new revenue will allow recovery of the \$188 million cost to add pollution controls to its 270-megawatt Lansing Unit # 4 power plant. Alliant says the new controls are expected to remove more than 90% of Nitrogen Oxide and mercury emissions.

About 50% of new revenue will be used to recover the \$228 million cost of improving system reliability, including 2009-2010 investments in power plants, substations, poles and underground and overhead distribution.

Alliant plans to use 10% of new revenues to cover higher operating costs.

Last Increase Just One Year Ago

On March 17, 2009, Alliant asked the IUB for a 16.6% (\$171 million) rate increase. It was allowed to begin collecting a temporary 7% increase (\$84 million).

In January, the IUB approved the 7% increase to allow recovery of costs to repair disaster related damage. But the IUB denied the remainder of the request, including a request to offset lower power sales due to the recession.

What Happens Next?

Alliant will be allowed to begin collecting a temporary increase of about 10% on March 20. If the IUB eventually rules that this is too much, it will order Alliant to refund a portion of the amount collected.

On average, this temporary increase will add \$10.62 (11.7%) per month to residential bills, to about \$101.36. If the IUB approves the entire request, residential bills will go up an additional 2% to 8%.

The IUB will soon schedule a series of public hearings to receive input from customers regarding Alliant's request.

Consumers should also know that their interests will be represented by the Office of the Consumer Advocate, a Division of the Iowa Attorney General's office, whose statutory responsibility is to represent consumers and the general public before the IUB.

Is A Deal Available?

Alliant said that they are willing to settle with consumer groups for a 6% increase now, rising to 13.8% after three years, in order to avoid a full IUB hearing.

The increase would be reduced in the first three years by using reserve accounts from the sale of the Duane Arnold Energy Center to NextEra Energy, and the sale of transmission assets to ITC Midwest.

If you are unable to attend a public hearing, written comments may also be mailed to: The Iowa Utilities Board, Executive Secretary, Docket number RPU-2010-0001, 350 Maple Street, Des Moines, Iowa 50309-0069.

One may also submit comments at the IUB web site: <http://www.state.ia.us>