

**Voss, Diane**

**From:** Adams, Mason <MasonAdams@alliantenergy.com>  
**Sent:** Thursday, January 13, 2022 10:16 AM  
**To:** Adams, Mason  
**Subject:** Regional Transmission Service Rates Effective Feb 1, 2022  
**Attachments:** 86 IPL IA Elec RTS 2nd Sub 17th revised blackline\_.pdf

[External Email]
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Good Morning,

I wanted to provide a heads up that the Regional Transmission Service rider will be increasing on February 1, 2022. These are straight pass-thru costs from ITC Midwest, the transmission provider, that are reflected as a calculation of your kW or kWh on the monthly bill. Below is a pretty thorough explanation of the drivers/mechanisms associated with the rate changes. Please know that Alliant is always intervening on your behalf to try and keep transmission costs as tight as possible. This is always balanced with the highest priority of a robust, safe and reliable transmission system.

Residential rate is \$0.03065/kWh. New rate is \$0.03679/kWh.

Non-Residential General rate is \$0.03521/kWh. New rate is \$0.03372/kWh.

LGS Current rate is \$8.63/kW. New rate is \$9.60/kW.

Area, Street Lighting rate is \$0.03087/kWh. New rate is \$0.03373/kWh.

## IPL 2022 RTS Factor Changes

- 2022 IPL transmission expenses included in the transmission rider (RTS) increase by about \$25 million, roughly a 7% increase.
  - ITCM updated depreciation rates: ~\$17 million increase
  - Additional capital investment-related expenses: ~\$12 million increase
  - O&M, true-up and other: ~\$4 million decrease
- ITCM updated depreciation rates used to calculate depreciation expense, effective in 2022. Updated depreciation rates account for ~70% of 2022 IPL RTS transmission expense increase. ITCM last changed depreciation rates in 2010; rate changes are typically infrequent.
- ITCM's derecho storm costs totaled ~\$50 million. These additional ITCM transmission capital investments are fully incorporated in ITCM's 2022 rates.
- In addition to derecho-related investments, ITCM and other transmission owners continued to invest in other projects to improve and enhance the transmission system.
- Changes to RTS factors vary by customer class. In addition to IPL transmission expense changes, changes in customer class expense allocation, expected energy or demand use and true-ups cause RTS factors to change.

- IPL engages in transmission policy, planning and process matters to help ensure transmission costs that IPL customers pay are reasonable and provide benefits to IPL customers that outweigh costs. IPL’s engagement (see appendix for specific examples) includes:
  - Review of ITCM rate filings
  - Review of need for transmission projects proposed by ITCM
  - Advocacy at MISO and FERC for transmission policies that benefit IPL customers.
- Engaging at FERC on transmission policy, planning and process matters is challenging with IPL often finding itself in the minority. IPL believes it is beneficial to hear multiple voices when FERC makes decisions on transmission matters and welcomes support on these matters from IPL customers.
- Transmission stakeholders such as IPL do not have direct control over transmission policy, planning, process, and costs. Since ITCM, FERC and MISO more directly control them, IPL believes active collaboration on transmission matters among transmission stakeholders is the most effective way to influence transmission costs going forward.

**APPENDIX: Examples of IPL Transmission Cost Saving Actions**

COMPLETED

Action	Impact
<b>Attachment FF:</b> IPL successfully challenged at FERC ITCM’s policy to reimburse interconnecting generators up to 100% for the cost of their network upgrades.	\$138 million estimated 2012-2016 savings. Current high Interconnection costs in ITCM footprint indicate continued substantial savings for IPL customers.
<b>Bonus Depreciation:</b> IPL successfully challenged at FERC ITCM’s election to opt out of utilizing bonus depreciation.	\$65 million approximate 2015-2018 savings from ITCM utilizing bonus depreciation.
<b>Transco Adder:</b> IPL lead a coalition of other utilities and challenged ITC’s qualification for the Transco ROE adder due to ITC’s acquisition by Fortis.	\$4-5 million ongoing annual savings from FERC reducing adder to 25 basis points.

PENDING

Action	Potential Impact
<b>RTO Adder and Remaining ITCM Transco ROE Incentive Adders:</b> IPL has filed multiple sets of comments with FERC advocating for these ROE incentive adders to be removed. We have also directly advocated with FERC commissioners for the removal of unnecessary transmission incentives.	Removing the RTO adder would provide approximately \$10 million in annual savings.  Removing the remaining Transco Adder would provide approximately \$4-\$5 million in annual savings.
<b>Transmission System Optimization:</b> IPL is advocating for the better utilization of transmission facilities as a means to reduce congestion and lower additional transmission build. For example, we have supported the use of more dynamic line ratings and utilization of other technologies and solutions (e.g., flow control, storage, system reconfigurations). Our advocacy has included filing comments to FERC, participation in a FERC workshop and direct advocacy with FERC commissioners	Given the limited amount of focus that has occurred regarding transmission system optimization we see significant potential value for customers in this area. For example, the MISO IMM has estimated that improving transmission line ratings could save over \$100 million in annual congestion costs for the MISO footprint.

Mason Adams | Key Account Manager

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# Interstate Power and Light Company

## ELECTRIC TARIFF

Filed with the I.U.B.

Second Substitute Seventeenth Revised Sheet No. 86

### ORIGINAL TARIFF NO. 1

Canceling Sixteenth Revised Sheet No. 86

#### Rider RTS – Regional Transmission Service Clause

The Regional Transmission Service (RTS) Clause provides a mechanism to recover costs related to transmission incurred by or charged to the Company consistent with a tariff or agreement that is subject to the jurisdiction of the Federal Energy Regulatory Commission through retail rates as approved by the Iowa Utilities Board (Board) through the application of cost recovery factors. C  
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**Applicable:**

To all rate classes. The RTS will be applied to all kW or kWh sales, depending upon rate class, under retail electric rate schedules. The cost recovery factors are applied on a monthly basis to either base kilo-Watt-hours (energy) or base kilo-Watt (demand) units, depending upon customer class, for the purpose of billing. The RTS factor shall be applied as a separate charge. The cost recovery factors shall be determined per the formulae below and shall apply monthly to bills. All provisions of the customer's current applicable rate schedule will apply in addition to this charge.

RTS factors to be applied effective February 1, 2022:

<u>Class</u>	<u>Price Codes</u>	<u>RTS \$/kWh</u>	<u>RTS \$/kW</u>	
Residential Service	400, 407, 507	\$0.03679	n/a	I
Non-Residential General Service	600, 607, 707	\$0.03372	n/a	R
Large General Service*	440, 447, 480, 487	n/a	\$9.60	I
Large General Service – Supplementary Power*	800, 807, 810, 817	n/a	\$7.41	R
Large General Service - High Load Factor / Large Volume*	760	n/a	\$10.79	I
Area and Street Lighting Service	620, 630, 640	\$0.03373	n/a	I
Standby Power Service	790, 840	n/a	\$6.37	I

\* Large General Service RTS charges shall be included with base rate demand charges in the application of primary service and power factor provisions of the Large General Service tariff.