

IOWA UTILITIES COMMISSION

IN RE:	
INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. RPU-2025-0003

FINAL DECISION AND ORDER WITH CONCURRENCE

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I. PROCEDURAL BACKGROUND

On July 1, 2025, Interstate Power and Light Company (IPL) filed with the Utilities Commission (Commission) an application for approval of advance ratemaking principles for up to 1,000 megawatts of nameplate capacity wind generation (New Wind III). On August 13, 2025, the Commission issued an order establishing the procedural schedule for this docket.

Parties to this docket are the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice; Large Energy Group (LEG); Environmental Law & Policy Center, Iowa Environmental Council, and Sierra Club (collectively, Environmental Intervenors); Iowa Business Energy Coalition (IBEC); Clean Energy Districts of Iowa (CEDI); and Google, LLC (Google).

On December 16, 2025, IPL, OCA, Environmental Intervenors, IBEC, CEDI, and Google (collectively, Settling Parties) filed a notice of a non-unanimous settlement proposing to resolve all issues in this docket and a motion to suspend the procedural schedule. LEG is not a part of the settlement but did not oppose suspending the procedural schedule. On December 17, 2025, the non-unanimous settlement was filed with the Commission. On December 23, 2025, the Commission issued an order addressing the motion to suspend the procedural schedule. On December 30, 2025, LEG filed comments regarding the settlement.

On January 13, 2026, the hearing commenced at 9 a.m. in the Commission's hearing room. HT,¹ p. 6. At hearing, all prefiled testimony, exhibits, and workpapers

¹ HT refers to the Hearing Transcript for the hearing held on January 13, 2026, filed with the Commission on January 26, 2026.

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were admitted into evidence.² *Id.* at 10. At the conclusion of the hearing, the briefing schedule was established. HT, p. 117. On February 3 and 6, 2026, CEDI and OCA, respectively, filed statements in lieu of briefs. On February 9, 2026, IBEC and the Environmental Intervenors filed their statements in lieu of briefs, and IPL and LEG filed simultaneous briefs.

The Commission has examined all the evidence admitted into the record in this docket. Any argument not specifically addressed in this order was considered but was not included as either not supported by the evidence or as not being of sufficient persuasiveness to warrant discussion.

II. LEGAL STANDARDS

Iowa Code § 476.53 governs this proceeding. Pursuant to this section, the Commission is authorized to approve, in advance, ratemaking principles for a rate-regulated utility when the utility either files for a generating certificate with the Commission under Iowa Code chapter 476A; seeks to lease or own a baseload electric power generating facility in Iowa; or seeks to lease or own a new alternative production facility as defined by Iowa Code § 476.42. In addition to these requirements, Iowa Code

² The Commission admitted all prefiled testimony, exhibits, and workpapers because there were no objections to the admittance. The Commission does seek to caution parties who seek to file voluminous exhibits. In this docket, OCA witness Timothy Tessier and CEDI witness James Martin-Schramm filed most, if not all, of their data requests conducted during this proceeding. While the use of data requests as exhibits may be appropriate and useful, filing all of a party's data requests is not. Iowa Code § 17A.14(1) makes clear irrelevant, immaterial, and unduly repetitious evidence should be excluded as evidence. While there was no objection made at hearing to OCA Direct Exhibit 1, OCA Surrebuttal Exhibit 1, and CEDI Martin-Schramm Direct Exhibit 1, the Commission questions whether some or most of these exhibits would have been found to be irrelevant, immaterial, or unduly repetitious. The Commission cautions future filings of this nature as unnecessarily bloating the record and it is not helpful for the parties nor the Commission, especially when the docket does not reach a settlement. The Commission has dealt with bloated dockets in the past and knows the struggle it and parties have with finding the pertinent information to either make arguments before the Commission or for the Commission to reach a decision. See *In re: Summit Carbon Solutions, LLC*, Docket No. HLP-2021-0001 (containing nearly 9,500 filings, of which more than 6,600 are filings not related to an objection, comment, or letter of support).

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§ 476.53(3)(c) requires the Commission to make two findings prior to establishing the advance ratemaking principles for the proposed project. First, the Commission must find the rate-regulated utility has a Commission-approved energy efficiency plan (EEP) in effect. Iowa Code § 476.53(3)(c)(1). Second, the Commission must find “[t]he rate-regulated public utility has demonstrated to the commission that the public utility has considered other sources for long-term electric supply and that the facility or lease is reasonable when compared to other feasible alternative sources of supply.” Iowa Code § 476.53(3)(c)(2). Should the Commission find both of these requirements have been established by the requesting rate-regulated utility, then it may establish the advance ratemaking principles for the proposed generating facility. When establishing these principles, the Commission is not “limited to traditional ratemaking principles or traditional cost recovery mechanisms.” Iowa Code § 476.53(3)(b).

While Iowa Code § 476.53 governs this proceeding with the Commission, Iowa Code § 17A.10 and 199 Iowa Administrative Code (IAC) 7.18 govern the proposed settlement. Pursuant to Iowa Code § 17A.10, settlements of contested cases are encouraged. Under the Commission’s rules, “[t]he commission . . . 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.” 199 IAC 7.18.

III. CONDITIONS PRECEDENTS

As discussed above, prior to establishing any advance ratemaking principles, the Commission must first find IPL has met the two statutory findings enumerated in Iowa Code § 476.53(3)(c). If IPL has met these two statutorily required findings, then the

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Commission may proceed to establish the advance ratemaking principles for IPL's proposed 1,000 megawatts of wind generation.

A. Iowa Code § 476.53(3)(c)(1)

Iowa Code § 476.53(3)(c)(1) requires the Commission to find IPL has a Commission-approved EEP on file. IPL has a Commission-approved EEP. *In re: Interstate Power and Light Company*, Docket No. EEP-2022-0150, *Order Affirming Proposed Decision* (Oct. 18, 2023). While initially contested by OCA witness Timothy Tessier, the Settling Parties agree, or do not dispute, that this condition precedent has been established by IPL. Witness Tessier's main argument against this condition precedent was IPL's EEP not having an evaluation, monitoring, and verification plan as required by 199 IAC 35.5(4)(j). OCA Tessier Direct, pp. 7-11. The Commission notes this issue within the EEP does not change the fact IPL has a Commission-approved EEP. If OCA has concerns about compliance with the Commission-approved EEP, OCA should file that concern in IPL's EEP docket and have the issue appropriately addressed there. The Commission agrees with the Settling Parties and finds IPL has established the condition precedent required by Iowa Code § 476.53(3)(c)(1).

B. Iowa Code § 476.53(3)(c)(2)

Iowa Code § 476.53(3)(c)(2) requires the Commission to find IPL "has demonstrated . . . that [IPL] has considered other sources for long-term electric supply and that the facility or lease is reasonable when compared to other feasible alternative sources of supply."

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IPL

In direct testimony, IPL witness Brent Kitchen states IPL's Resource Evaluation Study (RES), conducted consistent with the final order in Docket No. RPU-2021-0003, identified as part of IPL's five-year action plan a need for IPL to add 1,000 MW of wind, 500 MW of battery storage, 845 MW of natural gas peaking, and 430 MW of combined cycle generation by 2030. IPL Kitchen Direct, p. 10. Witness Kitchen testifies IPL also identified short-term, non-build options including short-term market capacity purchases, demand response, and incremental energy efficiency, as well as utilizing a Request for Proposals (RFP) to identify approximately 230 MW of short-term capacity purchase options — which IPL is currently acquiring. *Id.* at 8. In addition to these short-term options, witness Kitchen testifies IPL explored utilizing Power Purchase Agreements (PPAs). *Id.* at 16. Witness Kitchen states IPL already has more than 700 MWs of wind as part of its generation fleet via PPAs. *Id.* Witness Kitchen testifies IPL did consider utilizing PPAs to add the proposed additional 1,000 MW of wind to IPL's generation fleet but ultimately determined ownership of the new generation was preferable due to the benefits of long-term ownership. *Id.*

OCA

In his direct testimony, witness Tessier asserts "IPL's consideration of alternative sources and demonstration of reasonableness is inadequate. . . ." OCA Tessier Direct, p. 11. Witness Tessier testifies OCA has two main issues with IPL's assertion related to IPL's failure to follow OCA's recommendations during the RES process and IPL not adequately considering using PPAs. *Id.* As it relates to OCA's issues with the RES, OCA witness Marcos Munoz testifies OCA's recommendations are related to the capital charges used in the modeling, the Burlington Generation Station retirement date, and

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the load growth forecast used by IPL. OCA Munoz Direct, p. 47. For OCA's second issue, witness Tessier, after describing at length the RFP process IPL conducted related to PPAs, concludes IPL did not meaningfully consider the PPA alternatives. *Id.* at 12–23.

Google

In testimony, Google witness Isaac Gabel-Frank states he did not find a discussion on the benefits of PPAs over self-ownership. Google Gabel-Frank Direct, p. 13. That being said, witness Gabel-Frank testifies utilities, such as IPL, should have a mix of both self-owned and PPA assets. *Id.* at 14. Witness Gabel-Frank states there is not an exact mix of self-owned to PPA assets, but IPL should continue to explore PPAs as it seeks to add new generation. *Id.*

Settlement

The Settling Parties agree, or do not dispute, that this condition precedent has been established by IPL.

Commission Discussion

The Commission finds that IPL has considered other sources of long-term electric supply and that the proposed facilities are reasonable when compared to other feasible alternative sources of supply. While OCA initially raised concerns with how the RES was conducted, the issues raised do not greatly impact the outcome of the RES. The evidence shows IPL is in need of generation, and 1,000 MW of wind is the most economical option to build at this time. See IPL Kitchen Direct, p. 10; OCA Tessier Direct, p. 23. Once the 1,000 MW of wind was identified as the most economical source, IPL took the necessary step of issuing an RFP related to potential PPAs. See OCA Tessier Direct, pp. 12–22. While OCA may have taken issue with some aspects of the

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RFP process and requests that the Commission read words into the statute that are not present,³ the Commission finds the issuance of the RFP demonstrates IPL did consider other sources of long-term supply and the proposal by IPL is reasonable when compared to alternative sources of supply when viewed with the RES.

C. Iowa Code §§ 476.53 and 476.53A

As a part of his surrebuttal testimony, LEG witness David Vognsen testifies IPL's project fails to qualify for advance ratemaking due to IPL's proposed treatment of environmental elements of the project. LEG Vognsen Surrebuttal, p. 3. Witness Vognsen testifies the legislative intent for the inclusion of alternative energy production facilities in Iowa Code § 476.53 was to encourage the development of renewable energy facilities. *Id.* Witness Vognsen asserts this is made clear by the legislative intent announced in Iowa Code § 476.53A. *Id.*

Witness Vognsen testifies IPL's proposal to sell Renewable Energy Credits (RECs) makes it so customers are receiving energy, rather than renewable energy. *Id.* at 4. Witness Vognsen states Title 16 of Code of Federal Regulation (CFR) would determine it deceptive to claim the energy is renewable once the RECs have been sold. *See id.* at 4-5. Witness Vognsen asserts "since the legislative intent for the inclusion of alternative energy production facilities in Iowa Code § 476.53 is to provide customers renewable energy, Wind III fails to qualify for advance ratemaking." *Id.* at 5 (cleaned up).

In its comments regarding the settlement, LEG raises the same issue identified by witness Vognsen in his testimony. LEG reiterates New Wind III fails to comply with

³ Witness Tessier inserts the term "meaningfully" into his analysis about whether IPL considered other sources of long-term supply. This term is not found in Iowa Code § 476.53(3)(c)(2).

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the legislative intent of Iowa Code § 476.53 and, therefore, must be denied advance ratemaking.

The Commission has reviewed this argument raised by LEG and is unpersuaded. There is nothing in Iowa Code § 476.53 that limits advance ratemaking to only *renewable* energy generation, contrary to LEG's assertion. Iowa Code § 476.53 applies to proposed electric power generating facilities, combined-cycle electric generating facilities, or *alternate* energy production facilities as defined in Iowa Code § 476.42.

Iowa Code § 476.42, as pertinent here, defines "alternate energy production facility" to mean "[a] solar, wind turbine, electric storage unit, nuclear, waste management, resource recovery, refuse-derived fuel, agricultural crops or residues, or woodburning facility." Iowa Code § 476.42(1)(a)(1).

Nothing within Iowa Code §§ 476.42 or 476.53 describes what LEG says is required in order to allow New Wind III to qualify for advance ratemaking. It appears LEG is using the legislative intent announced in Iowa Code § 476.53A in an attempt to make an argument against New Wind III qualifying for advance ratemaking. This argument is unpersuasive.

Iowa Code § 476.53A is an announcement of legislative intent "to encourage the development of renewable electric power generation." The section goes on to state it is the legislative intent "to encourage the use of renewable power to meet local electric needs and the development of transmission capacity to export wind power generated in Iowa." These are blanket statements made by the Legislature to support the development of renewable electric generation, to have renewable generation used to meet local needs, and to build electric transmission capacity to export wind generation.

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These overarching goals of the Legislature do not change the words used in Iowa Code § 476.53 as to what types of facilities are eligible for advance ratemaking.⁴

D. Overall Commission Conclusion

Based upon the affirmative findings above that IPL has a Commission-approved EEP, IPL considered other sources of long-term electric supply, the proposed 1,000 MW of wind generation is reasonable when compared to other feasible alternative sources of supply, and the rejection of LEG's renewable energy argument, the Commission finds it can establish advance ratemaking principles applicable to the proposed 1,000 MW of wind generation.

IV. RATEMAKING PRINCIPLES

A. Cost Cap

Settlement

As part of the proposed settlement, the Settling Parties agreed to a Cost Cap principle of

\$3,020/kW, including AFUDC⁵ and all transmission costs, subject to recovery of only actual costs incurred without the need to establish prudence. Rate base shall also include actual capital costs above the cost cap that are attributable to any tariffs and shall be subject to a future review of prudence and reasonableness of costs. Any actual capital costs above the cost cap shall be subject to a future prudence review in which IPL must establish the prudence and reasonableness of those costs before they may be included in rates and such costs may not be included in interim rates in a future rate proceeding prior to a prudence review.

⁴ LEG's inclusion of this discussion is closely tied to its argument related to its proposed ratemaking principle for the RECs generated by Wind III. A further discussion about this topic can be found in Section G, *infra*.

⁵ AFUDC stands for Allowance for Funds Used During Construction.

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Any costs in excess of the cost cap will be included in the earnings sharing mechanism at IPL's "all other" ROE until a prudence determination as part of the annual ESM⁶ filing or in IPL's next electric rate case. Failing to challenge the prudence of the cost cap exceedances as part of the annual ESM filing does not constitute a waiver of the right to make such a challenge in IPL's next electric rate case.

Capitalized Maintenance shall not be included in the cost cap.

The proposed settlement Cost Cap is the same amount as proposed by IPL in its initial application. To support its request, IPL witness Rick Zimmerman provides a cost breakdown per kilowatt for the proposed project within his direct testimony. IPL Zimmerman Direct, pp. 28-29. Witness Zimmerman identifies three major components of the proposed cost cap. *Id.* at 28. These components are site acquisition, development, and construction costs; transmission interconnection facilities and network upgrades; and contingency. *Id.* at 29.

Witness Zimmerman further testifies:

The site acquisition, development, and construction costs for New Wind III reflect expected agreements between IPL and a developer (i.e., for build-transfer projects) and IPL's own development and construction costs in the case of IPL's self-developed projects. The transmission interconnection and network upgrade costs for New Wind III reflect: 1) the estimated costs for particular Potential Wind Projects with executed Generator Interconnection Agreements (GIA); and 2) IPL's estimate of transmission costs for the balance of the Potential Wind Projects without an executed GIA.

Id. Witness Zimmerman testifies IPL arrived at these components and costs based upon the results of the RFP process. *Id.* Witness Zimmerman asserts, "IPL's proposed cost cap results in a reasonable cost to IPL customers over the life of the assets while providing renewable capacity and energy to benefit all IPL customers." *Id.* at 20.

⁶ ESM stands for earning sharing mechanism.

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In response to written Commission questions, IPL provided a more granular breakdown of the anticipated costs for New Wind III. Interstate Power and Light's Response to the Utilities Commission's Request for Additional Information, Attachment C (filed Sept. 10, 2025).

LEG

In its partial objection to the settlement, LEG asserts the Commission should reject the proposed cost cap and approve a cost cap of \$2,390 per kilowatt with any costs above the cost cap being eligible for recovery through the ESM without a return. LEG's partial objection states its proposed cost cap is the same as what was approved by the Commission in MidAmerican Energy Company's (MidAmerican) advance ratemaking proceeding earlier this year. See *In re: MidAmerican Energy Company*, Docket No. RPU-2025-0001, *Final Decision and Order with Dissenting Opinion*, p. 10 (Sept. 11, 2025) [hereinafter *MidAmerican 2025 Order*].

In witness Vognsen's surrebuttal testimony, he states any claims against IPL knowing how the MidAmerican cost cap was determined fail to acknowledge MidAmerican has constructed more wind generation than IPL. LEG Vognsen Surrebuttal, p. 9. Witness Vognsen asserts "[i]t can only be assumed that IPL is less efficient and less competent to build wind in Iowa if it cannot do so at the same cost as MidAmerican. It may be prudent for IPL to have joint ownership in wind farms with MidAmerican, who is able to build them at a lower cost." *Id.*

Additionally, in its objection to the proposed settlement, LEG states IPL's parent company, Alliant Energy, has announced it will purchase 190 wind turbines from Nordex. LEG asserts IPL claims the entirety of the Nordex contract to be attorney eyes only. LEG states without its subject matter expert being able to review the contract for

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purposes of determining rate impacts, it cannot fully make a prudency determination.

Therefore, LEG's objection requests the cost cap of \$2,390 per kilowatt to balance between customer costs and IPL's withholding of information from LEG's subject matter experts. LEG states IPL could earn a return on anything above the cost cap after a future rate proceeding determines the costs to be prudent.

Commission Discussion

When examining the settlement as a whole, the Commission finds the proposed cost cap to be reasonable in light of the entire record, consistent with law, and in the public interest, and the Commission will approve this principle without modification. While the Commission may have made a different decision related to the cost cap, including what is or is not included in the cost cap, the Commission finds the compromises of the entire settlement make this principle reasonable. This is similar to how appellate courts conduct different standards of review. *See, e.g., Van Oort Constr. Co., Inc. v. Nuckoll's Concrete Serv., Inc.*, 599 N.W.2d 684, 691 (Iowa 1999) ("The standard of review on appeal, however, is whether substantial evidence supports the finding actually made by the trial court, not whether substantial evidence would have supported a different finding."). While not a perfect analogy to the Commission's duty, the Commission finds the similarities assistive in reviewing proposed settlements.

As it relates to the evidence for the justification of the cost cap, the Commission finds there must be more granular detail provided at the time advance ratemaking applications are initially filed with the Commission. The information initially filed by IPL is not sufficient to provide the necessary review for the Commission to do its due diligence. Therefore, if or when it files its next advance ratemaking application, IPL

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should include cost cap information at the level of detail contained in IPL's Attachment C, filed on September 10, 2025.

The Commission is unpersuaded by LEG's objection based upon the Nordex information and the assertions made by witness Vognsen as it relates to the comparison between MidAmerican's and IPL's wind generation development. Beginning with the comparison between MidAmerican and IPL, the Commission notes that the cost cap LEG is proposing is based only upon witness Vognsen's assertion that IPL should be able to build wind generation at the same cost as MidAmerican because MidAmerican has built more wind. This assertion is unsupported by the evidence. Nothing in the record supports LEG's conclusion.

Additionally, the cost cap recommended by LEG is the second cost cap for wind generation proposed by MidAmerican. The initial cost cap for the wind generation at issue in Docket No. RPU-2025-0001 was set by order in Docket No. RPU-2022-0001 at \$2,106 per kilowatt. *MidAmerican 2025 Order*, p. 9. Based upon the settlement approved in *MidAmerican 2025 Order*, it appears MidAmerican could not build its wind generation at the initially approved cost cap and sought to include additional costs under the provisions governing advance ratemaking proceedings. See *id.* However, it remains to be seen whether MidAmerican will be able to construct wind generation at or below the cost cap approved in *MidAmerican 2025 Order* or if future prudence determinations will be needed for costs incurred above the cost cap, as contemplated by the approved principle. *Id.* Therefore, the Commission is unpersuaded by the argument made by LEG related to this issue.

The Commission is also unpersuaded by LEG's justification for a lower cost cap related to the Nordex contract. It is unclear how the contract impacts the Commission's

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decision related to the cost cap. The Commission is approving the settlement cost cap principle. Should costs be incurred above the cost cap amount, the amount would be subject to a future prudence determination by the Commission before IPL could recover the costs. At such time, any issues related to the contract could be discussed in relation to the prudence of the contract purchases.⁷

B. Size Cap

Settlement

The parties to the settlement reached consensus on the following size cap principle:

The ratemaking principles shall be applicable to all new IPL wind generation constructed as part of New Wind III up to 1,000 MW of nameplate capacity.

If IPL seeks to include any wind generation as part of New Wind III that does not qualify for 100 percent Production Tax Credits (PTCs), then IPL must demonstrate through its annual reports that said wind generation is a prudent and cost-effective solution for customers compared to all other generation resources, and such demonstration will be subject to review in IPL's next rate case or ESM filing.

In direct testimony, witness Kitchen testifies IPL conducted an RES consistent with the final order in Docket No. RPU-2021-0003, which identified a need for IPL to add 1,000 MW of wind, 500 MW of battery storage, 845 MW of natural gas peaking, and 430 MW of combined-cycle generation by 2030. IPL Kitchen Direct, p. 10. Witness Kitchen testifies there are significant benefits to adding 1,000 MW of wind when compared to other alternatives. *Id.* at 15.

⁷ As it relates to LEG's "attorney eyes only" argument, this will be discussed later in the order under the Requests for Confidentiality section.

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Initially OCA proposed a reduction in the size cap from 1,000 MW to 680 MW due to a recommendation to remove a project from the proposal. OCA Tessier Direct, p. 23.

OCA, IBEC, and CEDI all testify the projects subject to IPL's request for advance ratemaking should qualify for 100 percent of the federal PTCs. OCA Kruger Direct, p. 33; IBEC Meyer Direct, p. 7; CEDI Martin-Schramm Direct, p. 20.

No objections were made to the settlement's proposed size cap.

Commission Discussion

The Commission finds the proposed size cap to be reasonable in light of the entire record, consistent with law, and in the public interest, and the Commission will approve this principle without modification. The Commission finds IPL's RES demonstrates a need for the additional capacity and wind provides significant benefits. See IPL Kitchen Direct, p. 15. The Commission finds the second part of the size cap principle to be an appropriate check on the projects that are included in this advance ratemaking to ensure they are being prudently built, if they do not qualify for 100 percent of the federal PTCs.

C. Depreciable Life

Settlement

The proposed settlement principle states the depreciable life is 40 years.

IPL shall be permitted to revise each depreciable life above in addition to recovery of costs of removal in the event an independent depreciation expert provides support for a different useful life and a change in depreciable life is approved by the Commission after a contested case proceeding.

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IPL witness Zimmerman testifies a 40-year depreciable life for New Wind III is reasonable to use for economic modeling purposes. IPL Zimmerman Direct, p. 20. Witness Zimmerman states 40 years is reasonable based upon industry experience, including IPL's, which shows an estimated useful life of approximately 40 years, even though some components will need replacing more frequently. *Id.*

In response to questioning at hearing about the difference between IPL's depreciation rate for wind generation in Docket No. RPU-2023-0002 being 35 years and the settlement being 40 years, witness Zimmerman testifies the use of a 40-year depreciable life for New Wind III is reasonable based upon conversations IPL has had with its suppliers. HT, p. 51. Witness Zimmerman states the towers are getting taller and the composites are getting better. *Id.*

LEG

In LEG's direct testimony, witness Vognsen testifies the depreciable life should be 35 years based upon IPL's depreciation expert's testimony in IPL's last general rate case. LEG Vognsen Direct, p. 15 (citing *In re: Interstate Power and Light Company*, Docket No. RPU-2023-0002, *Settlement Exhibit 1 (E)*, Sch. C W2-Depreciation Rates (June 20, 2024)). Witness Vognsen also cites a report from the U.S. Energy Information Administration that indicates onshore wind has a 25-year operating life. *Id.* Witness Vognsen testifies IPL's proposed "40-year depreciation rate is unrealistic and artificially improves the economics of [New Wind III]. . . ." *Id.*

LEG's partial objection to the settlement did not address the depreciation principle.

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Commission Discussion

The Commission has reviewed the proposed settlement principle related to depreciation and finds it to be reasonable based upon the entire record, consistent with law, and in the public interest, and the Commission will approve this principle without modification. Viewed in isolation, the Commission may have reached a different conclusion on this principle; however, the Commission finds the absence of objection to the proposed settlement principle and the overall settlement support a 40-year depreciation for New Wind III. Additionally, the Commission finds IPL's justification for using a 40-year depreciation rather than using the 35-year depreciation life established in IPL's last general rate case to be reasonable. As technology continues to improve, it makes logical sense the life of the assets too can continue to increase.

D. Cost of Equity

Settlement

Prior to reaching a proposed settlement, the parties' proposed Return on Equity (ROE) ranged from 11.25 percent down to 8.0 percent. IPL Villadsen Direct, p. 8 (supporting IPL's initial ROE request of 11.25 percent); IPL Cole Rebuttal, p. 3 (reducing IPL's requested ROE to 10.4 percent); OCA Munoz Direct, p. 4 (recommending either a floating ROE or a fixed ROE of 9.0 percent); IBEC Walters Direct, p. 2 (recommending adoption of IPL's all other rate base ROE for New Wind III, which is 9.65 percent); Google Gabel-Frank Direct, p. 24 (recommending the use of IPL's currently authorized 9.65 percent ROE for New Wind III); and CEDI Martin-Schramm Direct, p. 45 (recommending a fixer ROE between 8.0 percent and 9.0 percent). However, as part of

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the settlement, the Settling Parties reached agreement to the following proposed cost of equity principle:

For setting rates, the allowed return on the common equity portion of the New Wind III projects that is included in Iowa electric rate base will be IPL's "all other" ROE as set in each future rate proceeding. For IPL's annual ESM calculation, the allowed return on common equity portion of the New Wind III projects shall be the same as IPL's calculated blended ROE as updated each year. The blended ROE will be calculated without New Wind III projects, and the New Wind III projects will then receive the resulting blended ROE.

LEG

In direct testimony, witness Vognsen testifies to a proposed floating ROE with an initial rate of 9.65 percent for New Wind III. LEG Vognsen Direct, p. 19. Witness Vognsen testifies there is no need to provide incentives to construct New Wind III. *Id.* at 18.

While not directly on point to the cost of equity discussion, LEG in its comments on the proposed settlement requests the Commission address an issue related to rate design. LEG states the Commission in Docket No. RPU-2023-0002 ordered IPL to have discussions about cost allocation issues. LEG asserts IPL has not held any discussions about cost allocations for New Wind III in violation of the Commission's order. LEG requests the Commission order IPL to have discussions with all interested stakeholders about the costs associated with New Wind III.

Commission Discussion

The Commission finds the cost of equity principle to be reasonable based upon the entire record, consistent with law, and in the public interest, and the Commission will approve this principle without modification. The Commission finds the use of IPL's all

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other ROE and the floating nature of the ROE to be in the public interest as it will not establish a one-time ROE decision for the life of New Wind III, which has been the case with all other ROEs in advance ratemaking proceedings. The Commission also finds that the pivot towards the use of the all other ROE in this settlement agreement, rather than a “premium ROE,” is an important step and evolution in the use of advance ratemaking, and a recognition of changing conditions in the drivers and risks relating to new generation development. The Commission finds the cost of equity principle and the cost cap principle, taken as part of the whole settlement, establishes the proposed settlement is in the public interest.

Furthermore, it is evident from the ROE initially proposed by IPL to the ROE agreed to as part of the settlement that there was substantial give-and-take among the Settling Parties to arrive at a proposed settlement. As Iowa Code § 17A.10(1) states, settlements are encouraged. The Commission finds the cost of equity principle to be a result of negotiations among the Settling Parties. Additionally, even though LEG is not a signatory to the settlement, the settlement principle is consistent with what was proposed by LEG in testimony. See LEG Vognsen Direct, p. 19.

Turning to the cost allocation issue in LEG’s comments on the settlement, the Commission finds that if LEG is asserting a violation of another order in another docket, LEG should file its alleged violation in Docket No. RPU-2023-0002 to ensure all appropriate parties are provided notice of its alleged grievance. Piecemealing issues across dockets creates notice and docket management issues for parties, interested persons, and the Commission. Therefore, the Commission will not address this issue in this docket.

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E. Treatment of AFUDC and Carrying Costs on Investment During Construction

Settlement

Initially, OCA witness Blake Kruger testified the Commission should place a cap of 7.18 percent on AFUDC for total costs. OCA Kruger Direct, p. 26. OCA took no issue with the AFUDC calculation rate being IPL's currently authorized ROE. *Cf. id.* at 23-26.

All other parties that initially testified to this principle support the AFUDC proposed by IPL. IBEC Meyer Direct, p. 11; CEDI Martin-Schramm Direct, p. 46.

The Settling Parties propose the following principle for the treatment of AFUDC and carrying costs during construction:

IPL shall accrue AFUDC on all construction costs of New Wind III recorded in Construction Work in Progress.

The AFUDC rate shall be calculated based upon IPL's currently authorized Return on Equity, which is currently authorized at 9.65%. The AFUDC rate will be calculated consistent with the Uniform System of Accounts formula prescribed for public utilities subject to the provisions of the Federal Power Act.

No comments or objections were received about this proposed principle.

Commission Discussion

The Commission finds this principle to be reasonable based upon the entire record, consistent with law, and in the public interest, and the Commission will approve this principle without modification. While the Commission may have found differently absent the totality of the settlement, the Commission finds the proposed treatment of AFUDC and carrying costs to be reasonable and consistent with prior Commission decisions regarding AFUDC and carrying costs.

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F. Cancellation Cost Recovery

Settlement

In direct testimony, several witnesses for parties to the settlement testify that cancellation costs should not be included in rate base, as initially proposed by IPL. OCA Kruger Direct, p. 31; IBEC Meyer Direct, p. 12; CEDI Martin-Schramm Direct, pp. 49-52.

In rebuttal, IPL agrees to make changes to the cancellation cost principle to address these concerns. IPL Michek Rebuttal, pp. 18-19.

The proposed settlement principle aligns with IPL's proposal in witness Neil Michek's rebuttal testimony. The proposed principle states:

In the event IPL cancels any aspect of an individual project for good cause, IPL's prudently incurred and unreimbursed costs, less salvage value, shall be amortized over a period of ten years from the date of cancellation. Prior to a formal prudence review, the annual amortization shall be recorded above the line and included in IPL's ESM calculation. The annual amortization shall be recorded above the line, and included in IPL's revenue requirement calculation, but the unamortized balance will not be included in rate base.

The amortization period may be adjusted in IPL's subsequent general rate cases based upon the amount of the cancelled costs. The evaluation of whether cancellation costs were prudently incurred shall include consideration of the cost of satisfying IPL's load serving obligation through other means.

LEG

In direct testimony, witness Vognsen testifies the unamortized balance should not be included in rate base to allow IPL to earn a return on costs that have not been amortized. LEG Vognsen Direct, p. 20.

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Commission Discussion

The Commission finds the cancellation cost principle to be reasonable based upon the entire record, consistent with law, and in the public interest, and the Commission will approve this principle without modification. The Commission finds the proposed settlement principle addresses the concerns raised initially by the Settling Parties as well as the issue raised by LEG. The Commission finds there to be agreement across all parties in support of this principle.

G. Matching Principle; Jurisdictional Allocations

Settlement

The Settling Parties propose the following related to the matching principle and jurisdictional allocations:

Until the costs of New Wind III are included in IPL's retail rates, the following ratemaking treatment for New Wind III shall remain in effect:

The Iowa retail jurisdictional portion of the MISO⁸ Energy Market Settlements and other project benefits shall be recorded above-the-line but will be excluded from IPL's Energy Adjustment Clause (EAC) or any other cost recovery mechanism.

The Iowa retail jurisdictional portion of any revenues from the sale of renewable energy credits (RECs) generated by New Wind III and compliance related benefits shall be recorded above-the-line but will be excluded from IPL's EAC or any other cost recovery mechanism.

The Iowa retail jurisdictional portion of any revenues, net of transferability costs, from the sale of production tax credits (PTCs) generated by New Wind III shall be recorded above-the-line but will be excluded from IPL's EAC or any other cost recovery mechanism.

⁸ MISO stands for Midcontinent Independent System Operator.

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Upon the inclusion of New Wind III in IPL's retail rates, the Iowa retail jurisdictional portion of the investment and all other costs and benefits of New Wind III shall be provided to customers.

For purposes of this principle, the term "Iowa retail jurisdictional portion" shall mean the portion of IPL's energy load ratio subject to Iowa Utilities Commission ("Commission") jurisdiction, which is currently 99.9% of IPL's load as of the date of this Settlement Agreement. In the event IPL enters into a wholesale agreement, subject to Federal Energy Regulatory Commission ("FERC") jurisdiction, that significantly alters its energy load ratio, IPL shall provide the Parties notice of such wholesale agreement when it is filed with FERC. IPL may use the updated Iowa retail jurisdictional portion calculation in its annual ESM filing and future rate reviews. In the event Parties contest the calculation of the Iowa retail jurisdictional portion in an annual ESM filing or future rate review, IPL agrees not to assert that the Commission lacks jurisdiction to determine the Iowa retail jurisdictional portion for purposes of setting retail rates or ESM calculations.

In essence, the Settling Parties' proposed principle has three main parts: MISO Energy Market Settlements and other project benefits, REC sales, and PTCs.

OCA, in direct testimony, initially proposed this principle be separated in order to more clearly track PTCs, retail energy benefits, and environmental benefits. OCA Kruger Direct, pp. 30, 35. Witness Kruger testifies, "PTCs represent a source of revenue and IPL should explicitly recognize them above the line and flow them through the EAC when New Wind III is included in base rates." *Id.* at 30. Witness Kruger further testifies, "REC revenues are the product of the Renewable Energy Impact Program (REIP). Iowa ratepayers are responsible for these facilities and should be entitled to these benefits, not IPL's wholesale customers." *Id.* at 35. However, OCA is a party to the settlement and agrees with the proposed principle stated above.

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At hearing, witness Michek testifies IPL's already-accepted "EAC tariff provides language sufficient to allow [IPL] to retain the [PTCs], MISO energy benefits, [RECs] during the course of its rate stay-out period, and that was already filed and accepted and approved by the Commission." HT, pp. 81-82. Witness Michek states should a waiver of the EAC be necessary, the Settling Parties agree to support any waiver needed to effectuate the proposed settlement. *Id.* at 82. Additionally, witness Michek testifies, as it relates to transparency and tracking of New Wind III assets for EAC purposes, "each individual facility or each wind farm would have its own commercial pricing [node] and would settle separately at the MISO market for each applicable charge. . . ." *Id.* at 73.

LEG

In direct testimony, witness Vognsen asserts the entirety of the matching principle should be removed due to inconsistencies with the settlement approved in Docket No. RPU-2023-0002. LEG Vognsen Direct, p. 26. Witness Vognsen further testifies the settlement in Docket No. RPU-2023-0002 failed to address the necessary waiver of Commission's rules in chapter 20 to allow IPL to retain PTCs, net energy benefits, and RECs. *Id.* at 24-25.

To address this issue, LEG proposes the Commission require IPL to "directly assign RECs in the Midwest Renewable Energy Tracking System (M-RETS) to IPL customers that request them based upon a customer's pro-rata share of the benefits." *Id.* at 29. Along the same line of thought, witness Vognsen proposes the Commission require IPL to transfer the PTCs generated by New Wind III to electing IPL large retail customers, rather than selling them to a third party at a discount. *Id.* at 31.

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In its comments on the settlement, LEG addresses RECs, PTCs, and energy market benefits. As stated earlier in this order, LEG asserts the sale of the RECs to a third party no longer qualifies IPL for advance ratemaking because the sale of RECs turns renewable energy into energy in violation of Iowa Code § 476.53. To rectify this issue, LEG states the Commission should require IPL to directly transfer RECs in M-RETS to electing customers on the customer's pro-rata share of the environmental benefits of IPL's renewable energy products.

As it relates to PTCs, LEG's comments on the settlement state the Commission should modify the "principle and specify that the inclusion of PTCs in the [ESM] would be through the acceleration of depreciation of prior [a]dvance [r]atemaking wind generation projects that currently have a return on equity greater than 9.65 [percent]." LEG's comments assert this process would be similar to how MidAmerican handles a portion of its PTCs in its revenue sharing mechanism.

At hearing, witness Vognsen clarifies his proposal about paying down IPL's generation projects similar to MidAmerican. HT, p. 112.

Lastly, LEG's comments state IPL has failed to provide any evidence supporting the calculation for the benefits of New Wind III that it intends to exclude from the monthly EAC. LEG asserts 199 IAC 26.12(4) requires IPL to file revised tariffs, including a schedule, showing how energy market benefits will be derived. LEG states this information needs to be traceable to cost categories and line items on IPL's invoices filed pursuant to 199 IAC 20.9(2) from MISO. To address its issue, LEG requests the Commission modify the principle to require IPL to file a revised EAC tariff, which includes a detailed description of the methodology used to calculate the net energy benefits related to New Wind III that IPL intends to exclude from the EAC. LEG also

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requests the Commission require IPL to quantify the rate impacts of its retention of the net energy benefits related to New Wind III through IPL's ESM. Lastly, LEG states IPL needs to provide transparency into its calculation of its EAC because IPL is required to apply its monthly EAC in a manner consistent with Iowa Code chapter 476 and 199 IAC 20.9(2).

Commission Discussion

The Commission finds this principle to be reasonable based upon the entire record, consistent with law, and in the public interest, and the Commission will approve this principle without modification. The Commission finds the proposed principle to be a product of compromise among the Settling Parties. While the Commission may have reached a different conclusion, taken as a whole the Commission finds this principle to be reasonable. The Commission, for reasons discussed below, finds the issues raised by OCA initially are either addressed by this proposed principle or can be accounted for in the reporting requirement principle.

As it relates to LEG's request to modify the settlement to include a requirement to use the revenues from the sale of PTCs and other market benefits to pay down IPL's generation assets with ROEs higher than 9.65 percent, the Commission will not modify the settlement to include this provision. The settlement was a result of a give-and-take among the Settling Parties. While this could have been included as part of the proposed settlement, for reasons unknown to the Commission, it was not included.

Lastly, as it relates to IPL's EAC, the Commission agrees a revised EAC tariff will need to be filed — eventually. However, these benefits will not flow through the EAC at this time, but rather will only flow through the EAC after New Wind III is placed into rate base. LEG's request is to include in IPL's tariff now a methodology explaining how a

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calculation is done for something not included in IPL's EAC. LEG's proposal is in contention with Iowa Code § 476.4(1), which establishes the tariffs of a public utility are to show the rates and charges. LEG's proposal would be to include a methodology for New Wind III that is not related to a current rate or charge. LEG's concerns and issues are related to the EAC tariff once revised to include New Wind III during IPL's next general rate case and are better addressed at that time.

The Commission will require that IPL file a revised EAC tariff each time a project built under this advance ratemaking is brought online. The EAC tariff revision should incorporate the facility's name into the sentence stating that PTCs, MISO Energy Market Settlements, and other project benefits are being excluded from the EAC until the projects are included in customer rates. By knowing which and when each facility built under this advance ratemaking is placed into service, the Commission and interested parties can be kept apprised on the status of the facilities and the revenues.

H. Earnings Sharing

Settlement

The purpose of the earnings sharing principle is to "ensure all the costs and benefits of [New Wind III] are accounted for properly" and "will be included as part of IPL's [ESM] until the next electric rate case." IPL Michek Direct, pp. 15-16.

As part of its initial testimony, IBEC witness Greg Meyer requests the Commission require the ESM to be calculated with and without the inclusion of New Wind III. IBEC Meyer Direct, p. 13. Witness Meyer testifies having the two calculations will demonstrate the impacts of New Wind III on IPL's earnings. *Id.*

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As part of the settlement, the Settling Parties propose the following principle to address earnings sharing:

For the purpose of calculating any earnings sharing for the year, all costs and benefits of New Wind III will be included in IPL's earnings sharing mechanism until IPL's next electric rate case. ROE will be calculated with and without New Wind III costs and benefits included in the Reporting Requirements ratemaking principle.

LEG

In direct testimony, witness Vognsen testifies the earnings sharing principle should be eliminated because the settlement in Docket No. RPU-2023-0002 already addresses this issue. LEG Vognsen Direct, p. 28. Vognsen asserts Article XIII of Docket No. RPU-2023-0002's settlement addresses the costs and benefits for New Wind III as it relates to the ESM, and any dispute about the ESM calculation has to be made in that docket. *Id.* at 28-29. Witness Vognsen testifies adjusting the ESM now would require reopening the entire record in Docket No. RPU-2023-0002. *Id.* at 29.

In his surrebuttal, witness Vognsen proposes tax benefits that would be a part of the ESM be used to accelerate depreciation on high earning ROEs to reduce rate base and mitigate the need for future rate cases. LEG Vognsen Surrebuttal, pp. 8-9. Witness Vognsen testifies this is similar to how MidAmerican's revenue sharing mechanism operates. *Id.* at 8.

Commission Discussion

The Commission finds the earnings sharing principle to be reasonable based upon the entire record, consistent with law, and in the public interest, and the Commission will approve this principle without modification. The Commission is unpersuaded by LEG's argument that including this principle will result in the need to

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reopen the record in Docket No. RPU-2023-0002. The settlement in Docket No. RPU-2023-0003 is clear in its creation of the ESM as well as its calculation. The Commission finds the principle at issue in this docket only clarifies that New Wind III will be included in the ESM calculation. The Commission also finds the proposed settlement principle addresses the concerns initially raised by IBEC related to certain reporting requirements within the ESM.

I. Reporting Requirements

Settlement

The Settling Parties propose the following principle related to reporting for New Wind III:

Beginning on April 1 of the year following issuance of a final decision approving IPL's application and annually thereafter, IPL shall file reports that document the actual capital costs incurred and document the extent to which costs above the cost cap, if any, are attributable to tariffs. This reporting shall end when New Wind III is proposed to be included in IPL's retail rates.

In addition, the reports shall identify the projects IPL constructs or acquires that constitute the New Wind III facilities and IPL's O&M Plan as it is completed. The reports shall be in a format and level of detail substantially similar to the reports filed by IPL in Docket Nos. RPU-2016-0005 and RPU-2017-0002 and IPL's Renewable Energy Rider Reporting in Docket No. RPU-2019-0001.

IPL shall file the reports required in this principle in this docket or another docket the Commission designates.

For the life of the New Wind III facilities, IPL shall report its actual annual operating costs and revenues from Wind III, including discrete entries for PTCs, REC Sales, Capacity Sales, and Net System Benefits Attributable to New Wind III. This operational reporting shall be at a substantially similar level of detail as was included in IPL's Renewable Energy

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Rider quarterly reports. This reporting requirement can be amended in a future regulatory proceeding.

There were no comments or objections filed related to this principle.

At hearing, IPL witness Matthew Cole testifies the reporting requirement will ensure customers are protected even though no consumer protection plan is part of the settlement. HT, p. 34. Witness Cole states the reporting “will be fairly robust” and “will provide with certainty that these wind turbines will run efficiently [and] reliably.” *Id.* Witness Cole testifies IPL will “have a dedicated team that will look to streamline and optimize costs to make sure that [IPL] do[es] everything possible to ensure . . . cost effective power in a reliable manner for [its] customers.” *Id.*

Commission Discussion

The Commission finds the reporting requirement principle to be reasonable based upon the entire record, consistent with law, and in the public interest, and the Commission will approve this principle without modification. As it relates to the reporting, the Commission finds having detailed reporting will assist in ensuring customers are protected, should issues arise with New Wind III, in the absence of a consumer protection plan. See HT, p. 34. The reporting requirement will provide a cost breakdown of New Wind III substantially similar to IPL’s previous wind generation advance ratemaking proceedings. On this point, the Commission finds it necessary to ensure the cost breakdown includes categories for all the costs incurred by New Wind III, including the cost categories identified as issues prior to the settlement. This information should be at least as granular as what was provided in IPL’s Attachment C,

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filed on September 10, 2025, in this docket. Given the cost cap in this docket, having category specific information will ensure prudent review can occur for the costs of New Wind III, especially should IPL exceed the cost cap and seek additional recovery.

J. Resource Evaluation Study

Settlement

The Settling Parties propose a principle related to a subsequent RES conducted by IPL as part of the settlement in Docket No. RPU-2023-0002. The principle's details are contained within Attachment B to the settlement. Attachment B describes who the participants are or who may be a participant, the process, inputs and assumptions for the modeling process, scenario and portfolio modeling, software licenses, and the dispute resolution process.

As it relates to the scenario and portfolio modeling, Attachment B states IPL will model at least one carbon regulation scenario and will incorporate one participant scenario, if consensus can be reached, into the base set of scenarios in addition to the reasonable hypothetical future scenarios determined by IPL. For the portfolio aspect, Attachment B states at least one portfolio will include the retirement of the Ottumwa Generating Station, at least one retiring co-owned coal generation, and up to four participant-requested portfolios. For the participant-requested portfolios, consensus must be reached by the participants as it relates to the portfolios and the contents, otherwise IPL will run up to four individual participant portfolios if consensus is not reached.

No objection or comments were received as it relates to this principle.

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Commission Discussion

The Commission finds the RES principle to be reasonable based upon the entire record, consistent with law, and in the public interest, and the Commission will approve this principle without modification. The Commission finds the continued examination of IPL's resource planning to be a prudent part of good utility management. As Attachment B makes clear, the RES will be conducted in a manner consistent with the Commission's then current RES guidelines and the Commission's RES guidelines will supersede Attachment B, if necessary. Furthermore, the Commission finds the guaranteed inclusion of different scenarios and portfolios, which IPL may not have conducted on its own accord, to be beneficial to ensure the RES is examining all potential options for the benefit of IPL and its customers. Ensuring numerous stakeholders have a seat at the table and have the ability to propose suggested changes to a portfolio or to propose their own portfolio for IPL to run ensures beneficial information is generated and considered.

V. WAIVERS

As part of its initial application, IPL filed a request for waiver. IPL requests a waiver of 199 IAC 41.3(1)(c), (d), (e), (f), and (g), to the extent the information required is not reasonably available.

In support of its request, IPL states the information required by those rules is not currently available as the project sites have not yet been finalized. IPL states the Commission's rules specifically indicate that an application for ratemaking principles should provide project information "to the extent such information is reasonably available." 199 IAC 41.3. IPL states that it has similarly not provided such information in

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other advance ratemaking proceedings for the same reason, and that such omissions did not negatively impact the efficiency or outcome of those prior proceedings.

IPL states that a waiver can be granted when (1) the application of the rule would impose an undue hardship; (2) granting the waiver request will not prejudice the substantial legal rights of any person; (3) the rule is not specifically mandated by statute or another provision of law; and (4) substantially equal protection of public health, safety, and welfare will be afforded by a means other than that prescribed by the rule for which the waiver is requested. Iowa Code § 17A.9A(2); 199 IAC 1.3.

IPL argues strict application of the rule would impose an undue hardship on IPL by causing delays in completion of New Wind III and increased project costs. IPL argues that granting the requested waiver would not prejudice the substantial legal rights of any person because sufficient information regarding the potential New Wind III projects is identified in its application. IPL argues that the information required by 199 IAC 41.3(1) is not mandated by statute or other provision of law. Lastly, IPL argues that granting the requested waiver will not adversely impact public health, safety, and welfare, as New Wind III will be constructed and operated in a manner that is consistent with the health, safety, and welfare policies of the State of Iowa. As a show of substantial compliance, IPL, via Zimmerman Direct Ex. 1, did provide a list of possible wind generating facilities that could be a part of New Wind III.

Article VIII of the settlement states, to the extent necessary to support the settlement, the parties “support any and all waivers from the Commission rules necessary to effectuate this [settlement].”

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The Commission has reviewed the information provided by IPL and will grant the requested waiver of 199 IAC 41.3(1)(c), (d), (e), (f), and (g). The Commission finds that IPL will suffer an undue hardship if it is required to wait for all site information due to the potential increased costs that could result from delays. The Commission finds granting the waiver will not prejudice the substantial legal rights of any person because of the substantial compliance and other filings made by IPL throughout this docket. The Commission finds none of the rules requested to be waived are specifically mandated by statute or other provision of law. Lastly, the Commission finds that substantially equal protection of public health, safety, and welfare will be afforded by a means other than that prescribed in the particular rule for which waiver is requested because the facilities will be constructed and operated in a manner consistent with the health, safety, and welfare policies of the State of Iowa. The Commission finds either its generation certificate process or other permitting processes will provide substantially equal protection of public health, safety, and welfare. Based on the foregoing information, the Commission will grant IPL's waiver requests for 199 IAC 41.3(1)(c), (d), (e), (f), and (g).

As discussed earlier, there is disagreement as to whether IPL needs to file an explicit waiver of 199 IAC 20.9(2) to not immediately flow through the EAC the PTCs, energy benefits, and RECs generated from New Wind III. *Supra* Matching Principle; Jurisdictional Allocations.

The Commission finds the language within Docket No. RPU-2023-0002 to address this concern. The language in that order establishes the treatment for PTCs, energy benefits, and RECs until IPL's next general rate case. However, the Commission will also issue a waiver of 199 IAC 20.9(2) for New Wind III for clarity. The Commission finds the language in the settlement in this docket to be a request for waiver upon which

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the Commission may rule. *AT&T Commc'ns of the Midwest, Inc. v. Iowa Utils. Bd.*, 687 N.W.2d 554, 560 (Iowa 2004) (holding Iowa Code chapter 17A prohibits the *sua sponte* waiver of administrative rules by the agency). Therefore, using the same Iowa Code § 17A.9A(2) provisions stated above, the Commission finds it would be unduly burdensome for IPL to have the PTCs, energy benefits, and RECs flow through the EAC while New Wind III is not in base rates. The Commission finds granting the waiver will not prejudice the substantial legal rights of any person. The Commission finds this rule is not specifically mandated by statute or other provision of law. Lastly, the Commission finds that substantially equal protection of public health, safety, and welfare will be afforded as there are other mechanisms by which to ensure the EAC is functioning properly and the correct costs and benefits are flowing to customers. Therefore, the Commission will grant IPL a waiver of 199 IAC 20.9(2) as it relates to its EAC and the treatment of PTCs, energy benefits, and RECs generated from New Wind III through IPL's next general rate case. However, as noted above, the Commission will require IPL to file a revised EAC tariff each time a New Wind III facility is placed in service. The Commission also notes the waiver of the exclusion of benefits from the EAC are specific to the New Wind III projects because there may be times when an exclusion of benefits from the EAC should be time-limited or modified from this structure in some other way.

VI. REQUESTS FOR CONFIDENTIALITY

As part of its July 1, 2025 filing, IPL included a request for confidential treatment of Zimmerman's direct testimony and accompanying exhibit; Michek's direct testimony and accompanying exhibit; Kitchen's direct testimony and accompanying exhibit; and

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Gorman's direct testimony. IPL asserts the information contained within the confidential sections of these testimonies and exhibits is trade secrets or commercially sensitive information, which, if released, would give advantage to competitors and serve no public purpose pursuant to the requirements of Iowa Code §§ 22.7(3) and (6). IPL requests the Commission grant IPL's request and withhold the marked confidential information from public inspection consistent with the Commission's rules at 199 IAC 1.7.

On September 10, 2025, IPL filed a second request for confidential treatment for information filed as part of its response and attachments to the Commission's August 11, 2025 request for additional information. IPL asserts the information contained within the response and attachments is trade secrets or commercially sensitive information, which, if released, would give advantage to competitors and serve no public purpose pursuant to the requirements of Iowa Code §§ 22.7(3) and (6). IPL requests the Commission grant IPL's request and withhold the marked confidential information from public inspection consistent with the Commission's rules at 199 IAC 1.7.

On October 23, 2025, OCA, LEG, IBEC, CEDI, and Google filed confidential information as part of their initial testimony and exhibits. These parties requested the Commission withhold from public inspection certain sections of testimony and exhibits deemed confidential by IPL. OCA's request is for sections of the direct testimony of Alvarez, Kruger, Meder, Munoz, and Tessier, as well as sections of their accompanying exhibits and OCA Direct Exhibit 1. OCA also filed direct testimony and exhibits, which included information that was marked "Attorney Eyes Only" (AEO). LEG's request is for sections of Vognsen's direct testimony and an exhibit. IBEC's request is for sections of Meyer's direct testimony. CEDI's request is for sections of Martin-Schramm's direct

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testimony and exhibits. Lastly, Google's request is for sections of Gabel-Frank's direct testimony and exhibits.

On November 12, 2025, OCA filed a second request to withhold from public inspection the certain sections of the revised testimony and exhibit of Meder.

On November 20, 2025, IPL filed a third request for confidential treatment for sections of Zimmerman's rebuttal testimony and accompanying exhibit; Michek's rebuttal testimony and accompanying exhibits; Kitchen's rebuttal testimony; Gorman's rebuttal testimony; and Villadsen's rebuttal testimony. IPL asserts the information contained within the confidential sections of these testimonies and exhibits are trade secrets or commercially sensitive information, which, if released, would give advantage to competitors and serve no public purpose pursuant to the requirements of Iowa Code §§ 22.7(3) and (6). IPL requests the Commission grant IPL's request and withhold the marked confidential information from public inspection consistent with the Commission's rules at 199 IAC 1.7.

On December 9, 2025, OCA, IBEC, and CEDI filed requests with the Commission to withhold from public inspection certain sections of testimony and exhibits deemed confidential by IPL. OCA requests sections of Alvarez, Kruger, Meder, Munoz, and Tessier surrebuttal testimony and exhibits be withheld from public inspection as well as OCA Surrebuttal Exhibit 1. Like its initial request, OCA also marked several filings "AEO." IBEC's request is for sections of Meyer's surrebuttal testimony. While CEDI did not file a stand-alone request, Martin-Schramm's surrebuttal testimony addresses confidentiality. CEDI Martin-Schramm Surrebuttal, p. 2. The parties state the marked surrebuttal testimony and exhibits contain information deemed confidential by IPL.

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Pursuant to 199 IAC 1.7(4)(c), the Commission reviews the information to determine if confidentiality should be afforded to the information.

If no objection to the request for confidential treatment is filed within 20 days, the commission may defer consideration of the request until a public records request is made for the material or information, and the material or information shall be withheld from public inspection subject to the provisions of subparagraph 1.7(6)(b)(3).

The Commission has reviewed the information and finds the information should be withheld from public inspection within the Commission's electronic filing system. Consistent with 199 IAC 1.7(4)(c), the Commission is deferring its ruling on the requests until such time as a request is made for the material.

While it did not object to any of the requests for confidential treatment, as part of its comments on the settlement, LEG made passing reference to IPL's use of AEO designations on data requests. LEG's comments state this interfered with the LEG expert's ability to review the responses and make its arguments. LEG states it and all of IPL's customers deserve IPL to be as transparent as possible and not withhold information via the AEO designation. LEG asserts IPL should not have the sole determination as to what information should be withheld as AEO.

The Commission is addressing these passing comments to address an issue that has been raised in several recent dockets. The Commission has heard, via the final filings in dockets by parties prior to the Commission's ruling, about the alleged inability or limited ability to obtain information from utility companies. As it relates to LEG's asserted inability in this docket, the Commission notes LEG did not file a discovery dispute with the Commission. LEG states IPL should not be the sole decider of what, in this situation, should be held as AEO. If LEG had filed a discovery dispute, IPL would

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not have made the final determination as to what qualifies for AEO — the Commission would have.

The Commission is not normally a part of the discovery process between parties and cannot adjudicate an issue that is not brought before it. The Commission finds it disingenuous to raise these issues, at virtually the last moments of a docket, asserting a perceived harm during the process when the party never raised the issue to the Commission at a time during the process when the Commission could act on the perceived harm. If a party does experience issues, it should utilize the appropriate mechanisms to get the issue before the Commission at the appropriate time, rather than waiting until the end when there is a limited remedy or no remedy.

VII. ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. Interstate Power and Light Company has met the minimum statutory requirements in Iowa Code § 476.53(3)(c)(1) for approval of advance ratemaking principles.
2. Interstate Power and Light Company has met the minimum statutory requirements in Iowa Code § 476.53(3)(c)(2) for approval of advance ratemaking principles.
3. The Non-Unanimous Settlement Agreement and Joint Motion for Approval of Settlement Agreement, filed on December 17, 2025, is granted without modification.
4. Interstate Power and Light Company shall file a revised Energy Adjustment Clause tariff, consistent with the body of the order, each time a wind generation facility is brought online as part of this advance ratemaking.

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5. Interstate Power and Light Company's waiver request for 199 Iowa Administrative Code 41.3(1)(c)-(g), filed on July 1, 2025, is granted.
6. Pursuant to Article VIII, Section A, of the Non-Unanimous Settlement Agreement and Joint Motion for Approval of Settlement Agreement, filed December 17, 2025, a waiver of 199 Iowa Administrative Code 20.9(2) is granted.
7. The requests for confidential treatment shall be deferred consistent with 199 Iowa Administrative Code 1.7(4)(c).
8. All material filed pursuant to the requests for confidential treatment shall be withheld from public inspection subject to 199 Iowa Administrative Code 1.7(6)(b)(3).
9. Motions and objections not previously granted or sustained are denied or overruled.
10. The Utilities Commission retains jurisdiction of the subject matter of this docket pursuant to Iowa Code chapter 476 and may at any time make such further orders as may be necessary.

UTILITIES COMMISSION



Sarah Martz, Chair



Joshua Byrnes, Commissioner

Erik Helland, Commissioner

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VIII. CONCURRENCE

I concur in the adoption of the ROE principle and the entire agreement as a whole; however, I respectfully depart from an assertion or aspiration that this ROE principle represents an evolution in the use of advance ratemaking.

The parties through the agreement itself emphasize this agreement is the product of current circumstances and negotiations between diverse and sophisticated parties:

The Settlement Parties have entered into this Agreement in order to avoid the burden, expense, delays, and uncertainties of further litigation with respect to the settled issues. This Agreement has been executed as a compromise settlement of disputed claims, and the execution of the Agreement does not constitute admission or concession on the merits of those claims on the part of any Party.

Article II of the Non-Unanimous Settlement Agreement and Joint Motion for Approval of Settlement Agreement, filed December 17, 2025.

ROEs for advance ratemaking have trended lower for years, largely through settlement and subsequent commission approval. So while this settlement may not qualify mathematically as an outlier, the coupling with an already approved all-other ROE is certainly an anomaly from a ratemaking principles perspective. While the majority is certainly entitled to their opinion, I am hesitant to make a policy statement. I take this agreement for what it is, a bespoke agreement representing a pragmatic resolution between sophisticated parties under economic conditions that are not only changing, but the rate of change is accelerating.

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Were this truly an industry-wide progression, I would assume the record would contain extensive discussion and contemplation by the parties about advance ratemaking and its efficacy. Prior to making such a powerful statement, I would assume, in the interest of transparency and fairness, the Commission would provide the settling parties, and other interested parties the opportunity to exercise the right to weigh in on the matter before the Commission reaches a conclusion.

Despite my concern that the majority read a message in the settlement that was never intended to be conveyed, I recognize that the majority's expression is not necessary to the decision, and, consequently, constitutes mere dicta. See *Boyles v. Cora*, 232 Iowa 822, 847, 6 N.W.2d 401, 413 (1942) (holding that passing expressions unnecessary to the decision constitutes dicta). Further, as dicta, the expression is non-precedent setting. *State v. Laub*, 2 N.W.3d 821, 827 (Iowa 2024) (holding that dicta "is not binding as precedent"). Above all, if this body wishes to make broad policy statements such as this, I believe the parties to this settlement and others whose interests are not represented here should be afforded an opportunity to make clear their point of view within the venue being used to make the proclamation.

UTILITIES COMMISSION



Erik Helland, Commissioner