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Iowa Utilities Board approves MidAmerican Energy Company's Wind X project with modification

(Des Moines, IA) – The Iowa Utilities Board has issued an [order approving settlement with modification and requiring reports](#) regarding MidAmerican Energy Company's proposed "Wind X" Iowa electric generation project of up to 552 megawatts, in Docket No. [RPU-2015-0002](#).

On April 30, 2015, MidAmerican filed with Board a request for advance ratemaking principles and asked for expedited review. Board ratemaking principles proceedings are conducted pursuant to Iowa Code § 476.53 (2015).

On June 26, 2015, MidAmerican and the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, filed a proposed settlement which, if adopted, would resolve all outstanding issues. The Environmental Law and Policy Center and Iowa Environmental Council are also parties in this docket. A Board hearing on the proposed settlement was held on July 7, 2015. On August 11, 2015, the Board held an open meeting to discuss the proposed settlement.

In modifying the settlement agreement, the Board's order sets the cost cap for Wind X at \$1.61 million per MW including allowance for funds used during construction (AFUDC), down from \$1.638 million per MW (including AFUDC) for the completed project as a whole. The Board noted, "This lower cap reduces the risk to customers and provides an incentive to MidAmerican to keep costs low while still providing a contingency for unanticipated changes that could increase costs above that shown by MidAmerican's economic analysis."

Regarding a return on equity (ROE) for Wind X, the settlement agreement provides that the allowed return on the common equity portion of Wind X that will be included in Iowa electric rate base will be 11.35 percent, down from 11.5 percent proposed by MidAmerican. The Board stated, "The agreed-upon ROE is lower than that awarded in any prior MidAmerican advance ratemaking proceeding including Wind IX, the most recent docket."

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Before the Board could determine applicable ratemaking principles for Wind X, two statutory conditions had to be met pursuant to Iowa Code § 476.53(3)(c). First, MidAmerican has to have in effect a Board-approved energy efficiency plan. Second, MidAmerican must demonstrate that it has considered other sources for long-term energy supply and that the facility is reasonable when compared to other feasible alternative sources of supply.

The Board's order states, "While the two statutory conditions have been satisfied to justify awarding ratemaking principles, in some cases the principles requested by the utility may need to be modified to provide an appropriate balancing of ratepayer and utility shareholder interests."

MidAmerican will have 30 days from the date of today's decision order to notify the Board whether it accepts the ratemaking principles awarded. If accepted, the ratemaking principles would be effective for the regulated life of the facilities.

All Board orders and public documents in this case can be viewed on the Board's electronic filing system, <https://efs.iowa.gov/efs>.

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The Iowa Utilities Board regulates utilities to ensure that reasonably priced, reliable, environmentally responsible, and safe utility services are available to all Iowans.

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