



Iowa Utilities Board

Libby Jacobs
Chair

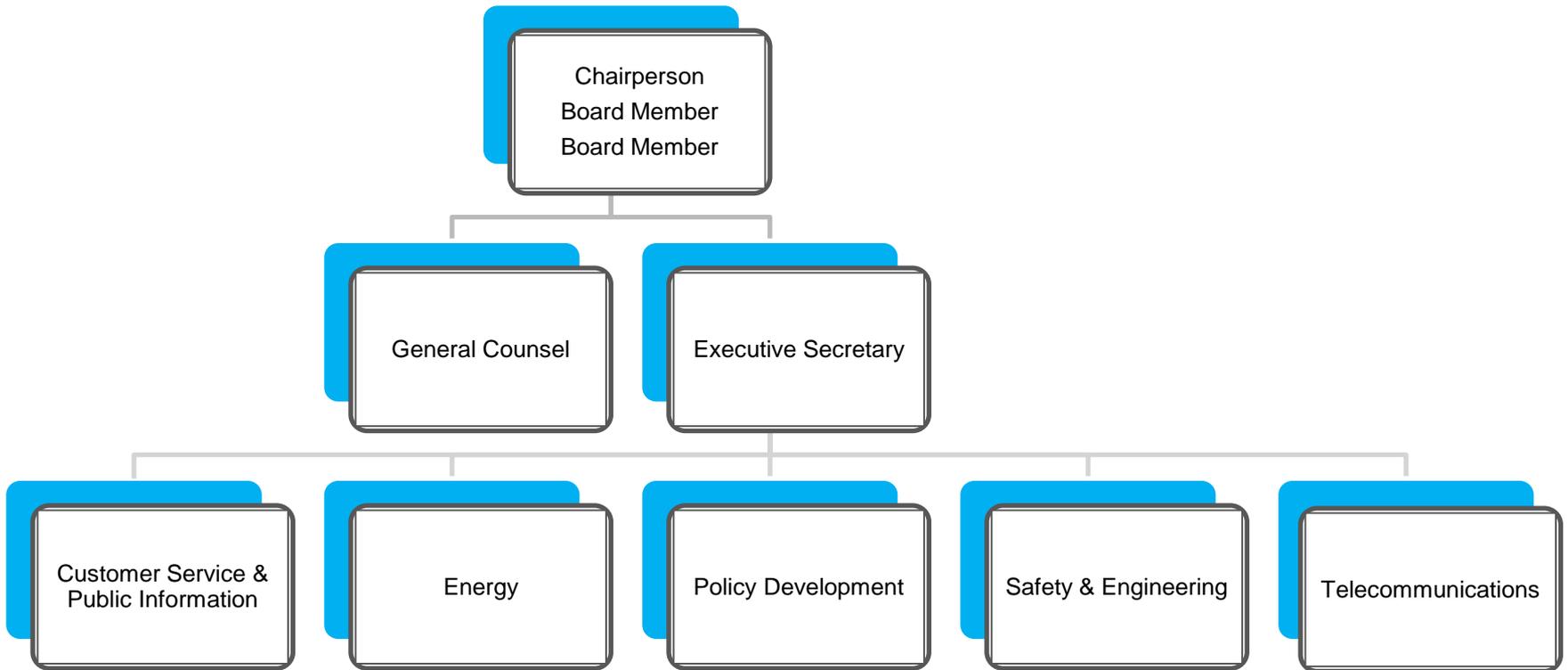


IUB Mission

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



Iowa Utilities Board



Telecommunications

IUB Regulates:

- All local exchange carriers (CenturyLink, Windstream, Frontier plus 280 rural and competitive carriers) for service quality and intrastate access services.
- Long distance and wireless carriers not regulated (IUB enforces slamming).



Lifeline and Linkup Programs

- **Link Up** assists qualified subscribers on Tribal lands with a one-time discount of up to \$100 on phone installation/activation. Qualified subscribers can pay remaining amount on a deferred schedule, interest-free.
- **Lifeline** assists qualified low-income lowans by providing a monthly credit of \$9.25 on the local telephone bill. Credit limited to one wireless or wire line per household with yearly certification required.



Telecom for the Deaf and Hard of Hearing

- **Relay Iowa** allows the deaf and hard of hearing to communicate with the hearing community through a specialized confidential operator.
- **Equipment Distribution Program** voucher program provides up to 95% of the cost of specialized telephone equipment for the deaf, hard-of-hearing, and speech-impaired.



Telecommunications Issues

- More competition, fewer landline subscribers means less revenue per company.
- 130 phone companies are now competing with the 150 traditional phone companies in Iowa.
- Landline subscribers have fallen from 1.7 million in 2006 to 1.3 million in 2011.
- Wireless lines now make up 2/3 of total lines in Iowa.



Telecommunications Issues

- November 2011 – FCC Releases ICC/USF Reform Order No. 11-161, which shifts financial support from voice to broadband.
- Order caps most ICC revenues in January 2012 with yearly reductions to \$0.00 by 2020.
- Order caps much of the federal USF at 2010 levels.
- IUB and industry working through changes resulting from Reform Order.



2013 Telecom Notice of Inquiry

- NOI-2013-0001 issued January 13, 2013
- Response to concerns by the industry to the Board on many varied issues.
- Seeking comment from all interested parties as to the scope and future of telecommunications regulation in Iowa.
- Comments sought on a wide range of topics (including VoIP, Carrier of Last Resort, consumer protection, etc.).



Electric

IUB regulates

- 2 investor-owned electric utilities (IOUs) for rates, service, safety, and disconnection.
- 45 rural electric cooperatives (RECs) for service, safety, and disconnection. RECs may elect to be rate regulated.
- 136 municipal electric utilities for safety and disconnection.



Electric

What we do:

- Certify electric power generation (>25MW)
- Grant electric transmission franchises (>69kV)
- Review energy efficiency programs
- Review IOU emissions control plans
- Adopt safety and service requirements and inspect for compliance



Iowa Generation Facts

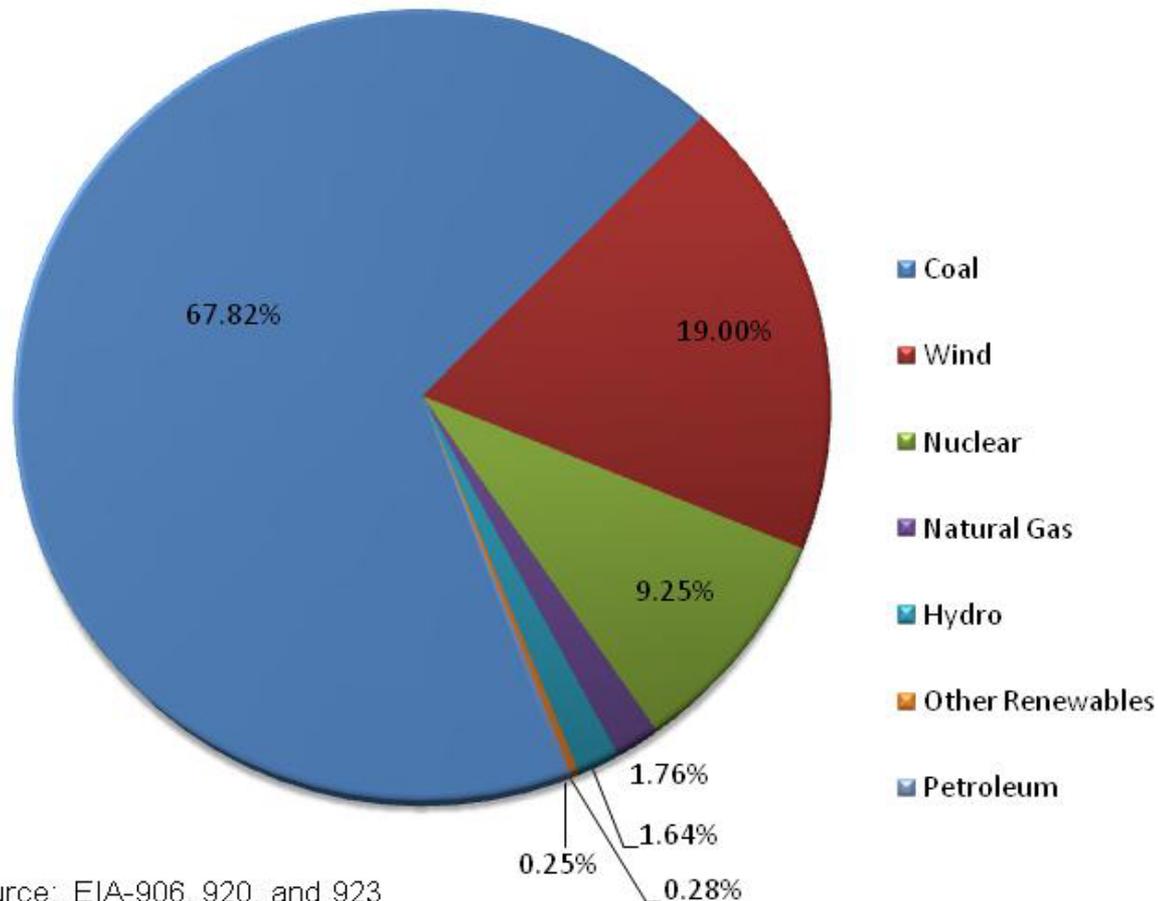
- Iowa net generation in 2011 was 56,371,913 MWh.
- Iowa net wind generation in 2011 was 10,709,177 or 19% of Iowa's total net electricity generation. Iowa is 3rd in the nation in terms of installed wind capacity.
- Average Iowa retail price of electricity in 2010 was 7.66 cents/kWh and U.S. average retail price in 2010 was 9.83 cents/kWh.

Sources: U.S. Dept. of Energy, Energy Information Administration and American Wind Energy Association



2011 Iowa Electric Generation

MWh By Fuel Type

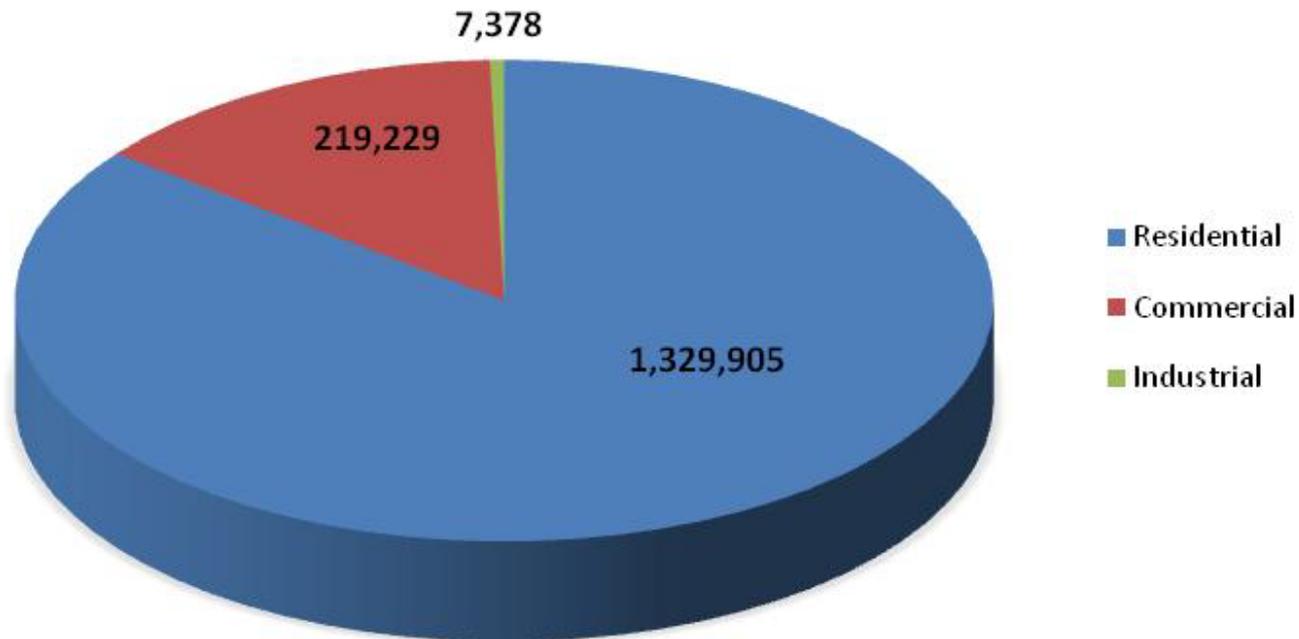


Source: EIA-906, 920, and 923



Electric Consumers in Iowa

Number of Consumers by Sector - 2011



Source: U.S. Dept. of Energy, Energy Information Administration



Energy Efficiency

- Since 1990, reduced peak electricity use by 1,400 megawatts
 - Avoided about 11 peaking plants or 2 coal plants
- Electricity savings
 - Reduced annual demand by 3.6 million megawatt-hours
 - Enough to power over 330,000 average homes for 1 year
- Natural gas savings
 - Reduced growth in annual use by 12.5 billion cubic feet
 - Enough to heat over 150,000 average homes for 1 year



Electric Issues

- FERC Order 1000 – Regional transmission planning and cost allocation.
- Current and proposed EPA requirements and possible facility retirements, additions, and fuel switching.
- Rate cases, generating certificates, and adjudication of other matters.



Natural Gas

IUB regulates

- 4 IOUs for rates, service, safety and engineering standards, and disconnection.
- 1 REC for service, safety, and disconnection.
- 52 municipal natural gas utilities for safety and disconnection.



Natural Gas

What we do:

- Grant intrastate pipeline permits and supervise intrastate pipelines.
- Protect against environmental damage from intrastate pipelines.
- Certify of all competitive natural gas suppliers serving retail customers in Iowa.



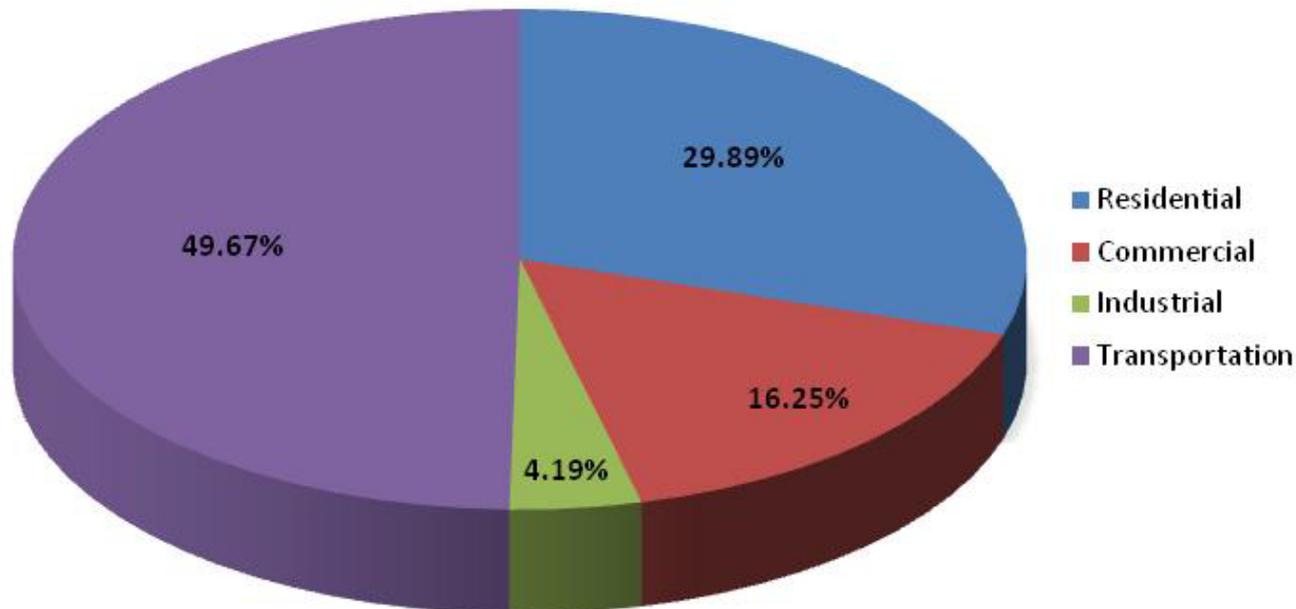
Natural Gas - Commodity

- The commodity of natural gas is federally deregulated.
- Gas prices are currently low and projected to stay low in the near term.



Iowa Natural Gas Consumers

Natural Gas Consumed in Iowa, 2011 MCF By Customer Type



Source: 2011 Utility Annual Reports



Natural Gas – Customer Bills

- 70% - gas supply charge is unregulated – price is set in the marketplace.
- 25% - basic service charge and delivery charge are regulated by the IUB.
- 5% - pipeline transport charge is regulated by the Federal Energy Regulatory Commission.



Natural Gas Issues

- Shale gas
 - Cheap gas benefits economy
 - Natural gas as an electric generation fuel
 - Price responsive fuel switching
 - Response to coal regulations
 - Creating competition with wind and nuclear
 - Supply questions and fracking concerns
- Limited pipeline capacity reach puts some consumers and economic development at a disadvantage
- Feds set rules for interstate pipelines
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Water

- The IUB regulates the rates and service of one investor-owned water utility. (Iowa American Water)



Safety and Engineering

IUB regulates safety, construction, and operation and maintenance of gas and electric transmission and distribution.

- Review and process electric transmission line franchises and pipeline permits.
- Conduct inspections of natural gas and electric utilities for compliance with safety standards.
- Act as an interstate agent for the federal Department of Transportation in pipeline safety matters.



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Electric Transmission Line Inspection

IUB inspects 12,300 miles of electric transmission line (69 kV and above) and also the electric distribution system



Pipeline Safety Inspections

IUB inspects:

- Intrastate pipelines, regulated by IUB.
- Interstate pipelines on behalf of the federal PHMSA.

80% of IUB funding for inspectors is through federal grant; Congress increasing scrutiny of pipeline safety enforcement due to high-profile accidents



Pipeline Safety Legislation

- PHMSA requiring states to match federal maximum penalties:
 - \$100,000/day or incident and \$1 million for a related series of violations.
 - Iowa's current maximum is \$10,000/day or incident and \$500,000 for a related series.
 - IUB has never assessed current maximum fines.



Transmission

- Transmission is transportation of electricity over high-voltage lines from generating facilities.
- IUB approves the siting and physical construction of transmission.
- Federal Energy Regulatory Commission (FERC) regulates the interstate transmission of electricity.
- North American Electric Reliability Corporation (NERC) ensures electric reliability for the US.
- MISO coordinates regional transmission efforts and operates grid.



Regional Efforts

- MISO became the nation's first Regional Transmission Organization in 2001. Scope of operations currently includes 17 states and 1 Canadian province. Iowa's IOUs are MISO members.
- MISO's role:
 - Provide independent transmission system access
 - Deliver reliability coordination through efficient market operations
 - Coordinate regional planning
 - Provide price information transparency
- Organization of MISO states (OMS)
 - Coordinate regulatory oversight among the states with entities participating in MISO and coordinate participation when appropriate.



IUB/OCA LEED Platinum Building



IUB/OCA LEED Platinum Building

- Project was constructed on budget of \$9.8M.
- The State of Iowa has an asset at no General Fund cost. The Iowa Utilities Board and Office of Consumer Advocate pay the debt service cost instead of rent.



Building Statistics

- Energy Savings exceed aggressive goal:
 - Has achieved a 68% overall reduction in energy consumption
 - With 43.2 KW photovoltaic array, 71% reduction in purchased power
- At Iowa's average commercial rate of 8.37 cents/kWh the energy savings would be \$54,200 annually.



Building Awards

- LEED Platinum
- 2012 Top Ten Green Building Award – American Institute of Architects (AIA) Committee on the Environment (COTE)
- AIA Central States Region Merit Award
- AIA Iowa Merit Award
- AIA Kansas Merit Award
- AIA Kansas City Merit Award
- Built Environment Award – Des Moines' Environmental Impact Awards



IUB Customer Service

- About 4,500 customer initiated contacts in 2011
 - Includes about 500 written complaints, whether web-based, emailed, or mailed
- We can help with
 - Billing disputes
 - Slamming and cramming complaints
 - Nonpayment of bills
 - Disconnection
 - Deceptive practices
 - Winter moratorium and low-income assistance



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