

NEWS & INFORMATION

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Diane Munns, Chair – Mark Lambert, Board Member – Elliott Smith, Board Member



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IUB finds TRANSLink proposal needs further study

The Iowa Utilities Board (IUB) today did not approve the applications of Interstate Power and Light Company and MidAmerican Energy Company to transfer control of their electric transmission assets to an independent company (TRANSLink). The IUB found more time is needed to study concepts presented in the case. Questions regarding regulatory jurisdiction persist and the position of the Federal Energy Regulatory Commission (FERC) on the formation of Regional Transmission Organizations (RTOs) remains unsettled. The IUB encourages both utilities to file new applications as the process of regionalizing transmission service evolves.

"This was a tough decision," said IUB Chair Diane Munns. "The utility companies worked very hard to put these reorganization proposals together. We commend them for that. Timing was key to this decision as more information is needed and we were facing a statutory deadline. It is still very early in this whole process, which is why we will encourage the utility companies to re-file."

More than two years ago the FERC ordered utilities to join RTOs, but did not require a particular mode of participation. TRANSLink represents the applicants' proposed means for meeting the FERC transmission requirements, but the FERC stance on the RTO process has changed since the TRANSLink proposal was filed with the IUB.

The IUB today decided that evidence in the case did not adequately demonstrate optimal cost-effective RTO participation, although it did acknowledge the proposals could possibly provide customer benefits like lower wholesale electricity costs. The IUB determined that the proposed TRANSLink model might limit its authority to review the transmission costs of Interstate and MidAmerican, which could adversely affect rates paid by customers. The IUB has concerns about Interstate's proposal to contribute its transmission assets and the risk this might impose on Iowa customers. Board members felt this situation warrants further investigation.

Reorganization applications were filed by Interstate on November 26, 2002, and MidAmerican on December 18, 2002. Interstate proposed to transfer ownership of its transmission assets while MidAmerican sought transfer of control through a lease agreement. The Board consolidated the cases. Intervenor in the case were the Office of Consumer Advocate, TRANSLink, the Iowa Consumers Coalition, Deere and Company, Resale Power Group of Iowa, Central Iowa Power Cooperative, and Corn Belt Power Cooperative.

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